

BIRLA CENTRAL LIBRARY

PILANI (RAJASTHAN)

Call No. 658

P. N. 345

Accession No. 55444

Acc. No.....

ISSUE LABEL

Not later than the latest date stamped below.

--	--	--

SUCCESS IN BUSINESS

OR

PRACTICAL BUSINESS HINTS

WITH A FOREWORD BY

SIR R. N. MOOKERJEE, Kt., K.C.I.E., K.C.V.O.

BY

A. C. GHOSE, M.A.S., M.R.A.S.

All rights reserved

1930

Published by—S. Ghose
17. Justice Chunder Madhab Road
Calcutta

Printed by—S. C. Biswas
THE NEW PEARL PRESS
157B, Dharamtalla St., Calcutta

Foreword

I have been requested by the Editor to say a few words by way of introducing this book. Success in business is not achieved by theoretical or abstract speculation, yet a treatise on the fundamentals of business career does provide a useful guide. As long as it is kept in mind that no amount of knowledge gleaned through books will by itself lead a man to success, such brochures as are compiled by Mr. Ghose will serve the purpose of helping the novice to understand and follow up intelligently the numerous complexes of business routine and conduct which present themselves every day to a business man. This book is admittedly a compilation and accordingly is subject to the obvious criticism that the argument is disjointed. But the Editor aspires to no more than offering suggestions to persons seeking a business career and he has carefully collated a number of useful and practical hints and directions from various authoritative sources.

Mr. Ghose has an eye on the serious unemployment question in Bengal and his book should stimulate the University trained graduate to think of careers, other than teaching, law or clericalism.

Calcutta, 5th July, 1930.

R. N. Mookerjee

PREFACE.

In bringing out this book the writer does not claim any originality. Most of the matters dealt with in this compilation are collections from the writings of the business magnates of the world, the sources of which could not be traced out at this distant date, since they were collected during his educational stay abroad some twenty-five years ago. The book is the outcome of his practical experience in business lines extending over a quarter of a century, and it is hoped that the suggestions contained in it would be of use to persons seeking business careers whose number is legion in these days of hard struggle for existence.

What to do with our young men has been the problem of all problems at the present time. To give up service mentality and take to business is the present-day cry in India. But the lack of facilities for practical training in business, which is an essential pre-requisite to success, is

a serious impediment in the way of translating a young man's wish into action. The present is but a feeble attempt at showing the way. If a single young man is benefited by it, the writer would consider himself amply rewarded.

"TARA VILLA"

Justice Chunder Madhab Road,

Calcutta, June, 1930.

CONTENTS

PART I.

Introductory

	Page
Choice of a Career	1
Entering upon Business	6
How Success Can be Achieved	8
Right Habits	12
The Key to Getting Money	19

PART II.

Trade

What is Trade	24
Location of the Store	28
Determining What Business to Follow	33
The Secret of Success in Retail Trade	36

	Page
The Best Method of Attracting Customers ...	38
The Creed of a Good Salesman ...	42
Maxims for Merchants... ..	45
Four Unchangeable Principles of Trade ...	47
What Comes Before Buying and Selling ...	50
Characteristics of a Model Buyer ...	57
Buying and Selling and Getting Gain ...	59
Possible Losses of Retailers and How to Avoid ...	65
True Theory of Selling Wholesale	69
Profits Increase in Proportion to Rapidity of Sales	71
Proportion of Capital to Liabilities	73
Sales on Credit and Their Risks	76
Banking Principles in Extending Credits ...	79
Interest—the Canker-worm of a Credit Business	81
Principal Causes of Failure	85

PART III.

Manufacture

The Business of Manufacturing	87
Elements of Success in Manufacturing ...	92
Should Manufacturers Favour High or Low Wages	101
How Employers Should Treat Their Employees ...	104
Some Simple Facts About Industries	106

PART IV.

Agriculture

	Page
History of Agriculture	133
General Principles Underlying Success in Agriculture	136
Economy and Prudence in Farming	139
Care of Little Things	143

PART V.

General

Partnership and the Joint-stock Company ...	146
Offer and Acceptance	151
Hints on Business Letters	157
A Speculator and a Trader	161
Best Recommendation for a Situation ...	163
Duties of Clerks to their Employers ...	165
Injudicious Investment	167
A Word of Hope for Non-Graduates ...	169

SUCCESS IN BUSINESS

PART I.

Introductory

I.

CHOICE OF A CAREER.

The future success in a young man's life depends, in a great measure, upon the choice of an occupation. A misfit occupation, more often than not, mars a career that would have otherwise been successful. This momentous question, however, is too frequently decided in the most off-hand manner, as if natural abilities and disposition are of no account whatever, and as if any occupation would suit any body.

The safest plan and the one most sure of success for the young man starting in life is

to select the vocation which is the most congenial to his tastes. A man who possesses eminent mechanical ingenuity had better be a mechanic ; he who is thoroughly fitted by nature and education to teach is justified in being a public teacher ; and he who is born to be a distributor of the earth's products may be a merchant ; but all should show evidences of capability for the pursuit to enable them to win the rewards due only to ability. For industrial and commercial life with which we have to deal in the following pages, very different abilities are required from those which are requisite for a professional career. An active mind and habits of quick decision are needed—not the slow and careful ways of the student. A business man needs sharpness and versatility of intellect more than profound learning. Therefore, there should be nothing in the plan of education of a young man which has a tendency to produce vacillation or excessive prudence, originating in excessive thought.

“In the education of a business man,” says an American writer, “it must never be forgotten that his future life will be a life of action and not of study. Great care must therefore be

taken that the health be not impaired in struggles for useless honours, that the feelings be not suffered to grow over-sensitive in useless contemplation, nor the mind lose its spring and elasticity under a load of cumbersome and unpractical learning." University education is all very good for professional men and teachers. But a general University education, as it obtains in India at the present time, is not an unmixed blessing. It is a blessing to a few, a curse to many, and a great uncertainty to all. It is high time, therefore, that a change of mentality in our young men has to be brought about in the matter of undue fascination for ornamental University degrees. It must not, however, be inferred that on entering a firm which is a business man's college, the pursuit of book-knowledge is to be abandoned. It has been rightly said that the men who read and reflect must be better informed and more fitted to climb upwards as chances offer than their competitors or fellow-workers who do not. Every book on trade and kindred subjects should be carefully read, more especially by youths when commencing their life, and by all engaged in commerce, before commencing business for themselves.

Political Economy, books on Banking, Finance, Business Methods, Mercantile Law, Commercial Geography, Book-keeping &c., are all useful in implanting, confirming, or supporting rules of conduct that will prevent failure, or be productive of success. Andrew Carnegie's advice to young men is—"Create a taste for reading." A young man should not be content to let a knowledge of one or two subjects carry him through life, but should make it a point of knowing as much as possible of his own particular line of business and of everything connected with it. He can never acquire too much of such knowledge. After all, life is a problem that each must think out for himself. Hints are all that one can give—the battle is everybody's own.

No man ever became a power, or continued a power, in any walk of life, who did not work most of the time when the sun was up, and some of the time after it was down.

"The heights by great men reached and kept,
Were not attained by sudden flight,
But, they, while their companions slept,
Were toiling upward in the night."

Greatness never comes to a person for the wishing, or the hoping, or the believing that it will come. Life is a strange journey up a steep hill, and always steepest at the start. Like starting a steam car, the dead lift comes at the beginning, it takes less steam when the wheels are once in motion.

Read up, study hard and think carefully.

II.

ENTERING UPON BUSINESS.

There comes a time in almost every individual life when, with education more or less complete, manhood near, if not already reached, beginning for oneself becomes a privilege as well as a necessity. It is in many, and perhaps most respects, *the critical period of existence*. Behind, is home with its memories; around, are scenes new and untried; before, battle-fields on which defeat is to be experienced or victory won.

Two things always and everywhere confront the beginner compelling attention and, to a considerable extent, absorbing thought; and these are *clothing* and *food*. He cannot move in respectable society without the first, or live without the second, and his earliest endeavour must be in every case to provide suitably for both.

The education of no man is complete when he reaches his majority and begins for himself. He may have made a fair start if his opportunities in childhood were ample, but on entering the arena of life, to become an actor there, new sources of power must be sought, the mind susceptible of constant progression must be kept on its expanding course, and in a world where every man is a rival and only the best can win, every latent energy of the intellect must be awakened and thus the man be best fitted for the inevitable and endless war.

But food, clothing, and education should not absorb all the earnings of any young man who enters life with fair ability and a desire as well as a purpose to be industrious. There must be an over-plus still. Every young man should, therefore, begin to save when he begins his active life, or he is far less likely to begin afterwards. The history of seven-eighths of those who have been successful or failed in business will attest this truth.

III.

HOW SUCCESS CAN BE ACHIEVED.

Having settled upon some definite business or employment, next comes the question—How success can be secured ?

Of all the words in the English language, these three words best convey the idea of the way to success : *Plan—Perseverance—Courage.*

Plan : A hap-hazard life in four cases out of five is a failure. Plan lays the foundation of success.

On a certain race-grounds in America there was exhibited a three-wheeled traction steamer, weighing about six tons, designed to run on common roads. Starting in the centre of the area bounded by the track the engineer put on a full load of steam and without guidance let her run this way, that way, zigzag, sometimes in a

circle, never where expected, and always to no purpose. This was motion without motive, power without plan, amounting to nothing. Moving on to the track a train of sixty wagons were attached, the steerman seated himself before his little iron wheel, a hundred men crowded the foremost truck and then six miles an hour, ten miles an hour, raising a cloud of dust that almost turned day into night, they were whirled round that track with the might of a thousand giants. The power was the same at the outset as at the end. In the one case, there was plan, in the other, not. In the one case, there was achievement, in the other, nothing.

Perseverance: Having a plan, follow it. Few men stick to any kind of business ten years who do not prosper. "Stick-to-it-iveness" is one of the essential conditions of success. A very instructive story is told about the perseverance of a village blacksmith: Completing his trade at twenty-three, he hired a shop in a village destined to grow, but full to overflowing with workmen of his craft. Day after day with the purpose and expecta-

tion of work, as men passed up and down the street, he kept his anvil ringing in preparation for the business sure to come. A month elapsed before a man entered his shop, but at length the villagers began to note the new-comer's ceaseless industry and one after another came to bring the starving smith jobs. For five years it was a question of life and death with him but persistence won, as it always does; and ten years away from those trial days, seven grimmy workers were seen scintillating that old shop with flying bits of molten metal upon whose labour he made a net profit of over three thousand dollars a year. This is but an illustration of almost every successful business as well as intellectual life. It is not doing this to-day, and that to-morrow, misapplying energy and wasting time but one steady, persistent push in one and only one direction—that is surest to win.

Courage: Finally on these points, few follow any profession, prosecute any business, or continue in any employment for a series of years that do not encounter reverses. God did not intend that ships should always sail on a summer sea. Character is developed by

straits, and the uncertainties of work as well as the perplexities of business are but another name for the discipline by which men are fashioned into fitness for another and grander sphere.

So, since business began and men assumed the responsibilities of family and the State, foundations considered firm have occasionally crumbled ; iron and stone in which men trusted have turned to ashes ; wages that should have been ours another has taken, bringing want into our homes and weight upon our hearts. Then, that grandest of characteristics—*Courage*—is needed, helping us sternly but reverently say—Whatever comes, I propose to live out the storm

Having plan, perseverance, courage, failure is impossible; not having them, success is impossible.

IV.

RIGHT HABITS.

All successful business men have certain and nearly the same habits. What is the meaning of the word ? Those who have studied the Latin language will remember the word '*habere*' which means 'to have, to hold'. From this the English noun 'habit' is derived ; and the meaning of the word is—'something acquired by frequent repetition which we are to have and hold, or which is to become a disposition of the mind, or a condition of the body.'

Now what are some of those habits which successful business men have always had, and have now, and which, therefore, every young person needs in order to follow in their upward journey ?

INDUSTRY.

As universal and important as any, is Industry—diligence in their own chosen employment ; steady, constant attention to what they are undertaking to successfully and profitably do. Those who have reached the highest places have had this habit in the most constant service.

CAREFULNESS.

Carefulness is another habit which those who have acquired wealth always have. They are careful of time and of such property as comes into their possession, or is entrusted to their keeping and use, careful of the little which make the large. To have carefulness ; a maturity we must have it in youth ; and the habit of carefulness is formed by the care in every thing that is a child's by ownership, as a child's for use.

It need hardly be added that the habits ^{use} correct and proper speech, temperance, ^{of} ^{truly} fulness always have been, and will be essentially

elements in the make-up of a successful business man ; and that those who use profane language, gratify degrading appetites, or are guilty of falsehood in youth cannot be expected to be free in forthcoming years from those unmanly, costly and sinful habits. At the outset of life, therefore, looking forward to the work and the warfare just ahead and wishing to be prepared for the onset and the struggle, if every young person would form the habits of which we have spoken, ultimate victory, other things being equal, would be certain.

PUNCTUALITY.

Punctuality is a virtue that all men reverence in theory but comparatively few carry into practice. We like a punctual man because one respects his words and has a regard for our convenience. We dislike an unpunctual man because he interferes with our plans, consumes our time, causes uneasy feelings and impliedly tells us that we are not of sufficient importance in his estimation to make him prompt. Punctuality has reference to time engagements,

money engagements and engagements for work. It is a quality that is usually found in connection with other good qualities as the want of it argues the absence of other essential habits. A want of system, defective calculation and imprudence in making promises when the probabilities of fulfilling them are very uncertain are frequent causes of want of punctuality. President Washington was so rigidly punctual that, on one occasion, when his Secretary, Mr. Hamilton, pleaded a slow watch for being five minutes late, he replied: "Then, Sir, either you must get a new watch, or I must get a new Secretary."

In engagements to pay money, it is not possible to be invariably punctual, but it is always possible to avoid the infliction of trouble and uneasiness. In payments of money, creditors generally compel their debtors to fix a time of payment and those promises are made and understood to be made conditionally on the fact of having the money at the time which is not always the case. When this occurs a punctual man will not keep his creditor in suspense as to the cause, or put him to the trouble of calling to ascertain it, but will give him timely

intimation of the fact by sending him a note or an agent, or calling himself and renew the promise. A man who does so, though he fails dozen times in the same transaction, is more worthy of credit than the one who, besides keeping you out of your money, consumes your time and causes uneasy and unhappy feelings.

In engagements to perform work mechanics are notoriously deficient in their appreciation of the importance of punctuality. A tailor who will deliver a coat, or a shoe-maker, a pair of boots, or a plumber who will fix the pipes exactly when he promises to do so is so exceptional in his class that if the facts were known he would soon have so many orders that he would find it impossible to continue to be invariably punctual.

ARRANGEMENT.

Arrangement digests the matter that industry collects. It apportions time to duties and keeps an exact register of its transactions; it has a post for every man, a place for every tool, a pigeon-hole

for every paper and a time for every settlement. A perfectly methodical man leaves his books, accounts &c., in so complete a shape that if he were to die during the night, everything could be perfectly understood.

The well known journalist, Jeremiah Evarts is represented to have been a model of industry and arrangement. A friend says, "During years of close observation in the bosom of his family I never saw a day pass without his accomplishing more than he expected and so methodical and thorough was he that though his papers filled many shelves when closely tied up, there was not a paper among all his letters, correspondence, editorial matters and the like which he could not lay his hands on in a moment. I never knew him search for a paper—it was always in its place."

Some acquire this habit at an early age than others and apparently exercise it with less difficulty, but any one with attention may become systematic and methodical.

CALCULATION.

A readiness in calculation without the aid

of a slate and pencil gives a man great advantage over his less experienced neighbour.

Calculation as a business habit means more than arithmetical computation. It is synonymous with prudence and implies the ability to weigh probabilities, measure risks and distinguish between the true and the false. It teaches that a man who spends two dollars in hiring a horse and the greater part of a day to purchase a few bushels of wheat at six pence a bushel less than he must have given nearer home is not so shrewd as he may have imagined. On the other hand, it teaches a man that he must practise economy in some thing and guard against waste if he would thrive and accumulate the means to be liberal.

Calculation in its comprehensive sense will also demonstrate to a man that honesty is his best policy, and that to be a rogue is to be a fool. It is difficult to comprehend the force of that philosophy which excludes calculation as an unworthy process of arriving at a right course of action.

V.

THE KEY TO GETTING MONEY

Let your first efforts be not for wealth but independence. Those who really desire to attain an independence have only to set their minds upon it and adopt the proper means as they do in regard to any other object they wish to accomplish, and the thing is done.

There are many who think that economy consists in saving cheese parings and candle ends, in cutting off two pence from the laundress' bill and doing all sorts of little, mean, dirty things. Economy is not meanness. The misfortune is that this class of persons let their economy apply only in one direction. They fancy that they are so wonderfully economical in saving a half-penny where they ought to spend two pence that they think

they can afford to squander in other directions. Punch, in speaking of this 'one idea' class of people, says,—“They are like the man who bought a penny herring for his family's dinner and then hired a coach and four to take it home.” No man can succeed by practising this kind of economy.

True economy consists in always making the income exceed the outgo. Wear the old clothes a little longer, if necessary, dispense with the new pair of shoes, live on plainer food, if need be, so that under all circumstances, unless some unforeseen accident occurs, there will be a margin in favour of the income. A penny here and a dollar there placed at interest go on accumulating and in this way the desired result is attained.

Avoid debt, for debt robs a man of his self-respect. Rather go to bed supperless than rise in debt. Want is a far less uncomfortable companion than debt.

Depend on your personal exertions. If you would have your business done, go, if not, send. No man has a right to expect to succeed in life unless he understands his business, and nobody can understand his business thoroughly unless

he learns it by personal application and experience. You will never succeed while smarting under the drudgery of your occupation if you are constantly haunted with the idea that you could succeed better in some thing else. Mind-wandering is one of the greatest enemies of effective work.

Dress neatly. "The consciousness of being well and fittingly dressed has a magic power in unlocking the tongue and increasing the power of expression".

Let hope predominate, but be not too visionary. Never allow yourself to dwell on the dark side of any thing, but look for the bright side. You should refuse to talk about depressed markets or hard times. Learn to talk up, not down.

Do not scatter your powers. Engage in one kind of business only and stick to it faithfully until you succeed, or until your experience shows that you should abandon it.

Beware of outside operations. Never let a man jeopardize a fortune that he has earned in a legitimate way by investing it in things in which he has had no experience.

Do not endorse without security. No man ought ever to endorse a note, or become security

for another, to a greater extent than he can afford to lose and care nothing about, without taking good security.

Do not blab. Do not tell anybody what you are going to do until you have done it, or even then. Say nothing about your profits, your expectations, your intentions; and this should apply to letters as well as to conversation. If you are losing money, be especially cautious and not tell of it, or you will lose your reputation.

Be systematic and methodical. Do not get into the habit of shoving every bit of paper into the drawer of your writing-table. The habit grows and is difficult to get over.

Read newspapers. He who is without a newspaper is cut off from his species.

Never allow yourself to admit that you are inferior to the emergency confronting you, for this is to invite defeat. Stoutly affirm that you can do the thing. The moment you harbour a doubt of your ability, that moment you capitulate to the enemy. Nothing can keep a man down when he has grit and determination.

Your greatest investment must be self-investment—investment in health, in courage, in kindness and in nobility of manhood.

Some people lose their money and credit because they cannot say 'No' to their friends.

Buy nothing unnecessary, no matter how cheap.

Aim at perfection in every thing. Write on your heart that every day is the best day in the year.

Integrity is the corner-stone of the character of a true man of business. A man's word should be as good as his bond.

PART II.

Trade

VI.

WHAT IS TRADE

Trade, in its proper sense, is the act or business of exchanging articles or commodities. As illustrations—A farmer wanting a cut of cloth takes a bundle of wood to the village merchant, gets his ten odd yards and takes the balance in sugar—this is trading. A speculator owning a mica mine gives it to a real estate dealer for two acres of building plots, exchanging not property but certificates of ownership—deeds—they make a trade. But trade has another and wider meaning—the business of buying and selling. It comprehends every species of dealing wherein one thing is exchanged for another, whether

product for product, commodity for commodity, or either, for what represents both—money.

Man is a trading animal and only one. He must be such in the nature of things. If like every other animal he only needed food, and that of the simplest and a single kind, there would be no more need of barter in his case than in that of the beasts that roam over the forests, or the animals which aid him in the business of civilized life. But once removed from barbarism the wants of each individual become more numerous and varied than his own faculties and capacities can supply. His flocks furnish him with food and the raw material for his clothing. He can use the first to satisfy hunger, but he cannot fabricate the second into the wherewith to cover him. Some other person must do this. His fields give him grain ample to sustain life, but he needs shelter and at length articles of convenience and taste which must be the work of hands not his own. And so the keeper of sheep or the tiller of the ground exchanges his surplus products for the creations of another's genius or skill, with profit and satisfaction to both. So, as man rises in the scale of existence, his wants are

increased and diversified until at the highest point of civilisation a hundred individuals contribute to the wants of the same man who, as a savage, satisfied all himself.

Consider how this underlies trade. The very lowest of our race never sells or buys. They satisfy their appetites with what they can get with their hands, and that limits and bounds their desires and ambitions.

One step higher, some trifling surplus product of the earth, or the skin of an animal, the body of which they have eaten, is bartered for trinkets—something for show or ornamentation. Still higher, the desire for more display begins to give way to the desire for comfort and man begins to buy and sell in order to add to the satisfaction of living, and so he continues to labour more and as a result of his labour produces more and exchanges more until, sending the fruits of his toil the world over, he ministers to the necessities of every realm and they in turn administer to his.

The lowest savages produce nothing; the inhabitants of the United States produce several hundred dollars worth of products or fabrics to each able-bodied man, seven-eighths of which

are exchanged with other producers in order to meet the necessities of each ; and so the realm of trade widens and will widen so long as the race continues to find new sources of happiness and new supplies for its ever-increasing wants.

VII.

LOCATION OF THE STORE

All trade grows out of public demand. Trade, then, presupposes a demand for goods and in entering upon business of this sort, *the first enquiry must be*—Are there enough individuals within an ordinary business radius who will naturally come, or, who by offering superior inducements can be attracted to a store to buy an amount of goods the sale of which will secure a profit ample to pay rent, interest on capital, hire of clerks, and in addition, an income for individual and family necessities with a reasonable amount besides, to be laid by against time of need? No man, whatever be his genius, can expect success unless he can answer this question in the affirmative. In deciding then, *where to commence business*

the enquiry must be carefully and faithfully made as to whether or not there are individuals enough wanting what the trader proposes to sell, who would become at once or at length his customers to justify the outlay of money and time required to start the enterprise. No man can afford to do much experimenting after he is ready for actual work, and the best and only right way is to decide all these outside matters before any steps are taken that time will compel us to retrace. In conducting investigations with reference to the present or prospective demand for goods, consideration must be given to the fact or otherwise, as the case may be, whether or not the ground is already occupied. And, whenever the ground is already occupied and the promise of to-morrow is no better than to-day it is as unwise as it will be disastrous to start a new enterprise.

Having decided to commence business in any given place *the proper situation of the store* is a matter of consequence. Careful observation has long since demonstrated that in a city where there are a multitude of dealers in the

same line of articles it is better to locate on the street or in the locality where most of any particular kind of business is done.

In retail trade the *Location* is a very important matter. Trade centres around centres. People do not like to go out of their way to buy things. An inferior or small store in a good location is preferable in every way to a fine large store poorly located. Just a little around the corner is not so good as on the corner. Two or three steps up is not so good as on a level with the side walk.

But in any locality except the great centres this matter is not of as much consequence. Personal acquaintance, polite demeanour on the part of the merchant, a good stock of goods and uprightness in dealing attract trade even if the store is a little away from the common walk and yet this should be added that convenience of access, ease of access, and readiness of access are always helps.

Merchants many times put too low an estimate on *the value of the arrangements of their goods*. Almost every one has a

delight in what is beautiful, symmetrical, tasteful; and so, there is something about a well-arranged store where every article is in its place and where the whole has the seeming that only an artist's eye and an artist's perception can give it, that is, attractive, inviting; while, on the other hand, a confused jumble of a multitude of things is always and intensely repulsive.

Shopping has become a recreation, a pastime, as well as business; and, in order to secure trade a merchant must not only be a matter-of-fact man but an artist.

The window that is most attractive, the store where the goods are displayed with the greatest taste, other things being equal, allures most to examine the articles exposed and secures the largest sales.

The little time needed to keep the store in a state of complete cleanliness and order will be paid for a hundredfold in the assurance that it will give to patrons that they are not asked to buy damaged or soiled goods and in the comfort that each will have while examining the articles that everything about them is as nearly immaculate as it can be.

Customers look upon a dark store with suspicion. They are fearful they may deceive themselves in colours, shades, or quality and frequently leave without purchasing for no other reason. Sun-light is also a matter of economy. It is cheaper than any artificial light and it imparts a cheerful, pleasant appearance to the store. In a retail store a capacious double window is very desirable as it admits of a variety of display.

Goods in store-windows are also displayed to much greater advantage when the lights illuminating them are hidden from the eye and nothing is simpler to arrange than this. Most classes of merchandise are exhibited under the best conditions when the light descends from above, suitable reflectors being provided to throw the lights on the goods.

Such are some of the considerations that should influence in the location of a store and some of the essentials in its appointment and its care.

VIII.

DETERMINING WHAT BUSINESS TO FOLLOW

Coming now to the practical, it may be said that few decisions are more important than that which determines what business a person is to follow. In deciding this the following considerations should be kept in mind :—

First : *That most kinds of regular business pay equally well in the long run.*

When any business is more than ordinarily good, competition usually reduces the profits at once as much below a paying level as they were at its best above ; and, as a general rule, special profits are not to be expected—the difference between one business and another being not in the business itself but in the manner in which it is conducted.

Second : *That all useful employments are equally respectable.*

Men not infrequently embark on business for which they are in nowise fitted for the only reason that they believe it will bring them honour, forgetting that an upright, honourable person makes any proper business honourable.

The third consideration and the weightiest is—*That small gains, constant and certain, are better than large gains which are both fugitive and doubtful.*

It is a law unwrought everywhere that all valuable growth is slow. This old earth has reached its present condition by the almost imperceptible changes of immeasurable periods and is passing slowly onward in the pathway of its future and grand destiny ; and the child, sleeping in absolute helplessness on its mother's bosom reaches manhood by the slowest going imaginable.

What is true in the domain of matter and mind is equally true in the domain of money. Little by little is the motto of those who win everywhere. If a young person adopts as a motto the talismanic words—'*Make haste slowly*', success is sure, other things being equal. He

should never be in a hurry to begin business for himself. He should always have an eye open to see chances for starting when such present themselves. But whenever a person after mature deliberation finally decides to begin business for himself, one rule should govern—*Begin small*. Every man or nearly every one who has succeeded in any enterprise has begun by doing at the outset the little that he could do himself—giving painstaking care to all labours and careful thoughts to all business transactions. As his business grew one man after another was hired as helpers in carrying the burden of increasing care until in after years the result of his early work and watchfulness was seen in an income adequate to all needs and an ample fortune.

Varied and long experience in the lives of successful business men have clearly demonstrated that content with small and sure gains ensures reasonable success in ninety cases out of a hundred, while discontent with the same ensures disaster in ninety cases out of a hundred.

Striving for much that is uncertain and abandoning the little that is sure, though common, is not unoften terribly costly.

IX.

THE SECRET OF SUCCESS IN RETAIL TRADE

No retail business can permanently prosper without permanent customers ; hence, to force upon unwilling buyers goods they do not want and afterwards refuse to exchange them for others, or return the money, is a short-sighted policy. A firm in Philadelphia that probably sell more ready-made clothing at retail than any other in the United States have adopted as one of their cardinal maxims the plan of guaranteeing all their sales, or in other words, they offer to return the purchase money for any clothing returned unworn within ten days after the purchase, even if the buyer assigns no other reason for cancelling the contract than that he has seen other goods elsewhere that suit him better.

But in order to give lasting satisfaction and convert transient into regular customers it is sometimes necessary to supply buyers with articles not such as they call for, but such as they ought to have. Those who have cheated themselves are as apt, when they discover it, to feel resentment towards those who allowed them the privilege as if they had been at fault. Few persons are judges of the goods they buy for their own consumption and almost all rely to a certain extent upon the seller's judgment. A certain customer went into a gentleman's furnishing store, where he has not been in the habit of dealing and calling, for a box of No. 16 collars. The dealer thought No. 16½ would give more satisfaction; when he enquired for No. 42 underwear, the merchant recommended him to take No. 44, and as he subsequently discovered that these sizes gave him ease, comfort and satisfaction, he felt so grateful to the merchant for not selling him what he ordered that he became his regular customer.

Depend upon it, the man who knows how to attract casual buyers and convert them into permanent customers will succeed best in the long run.

X.

THE BEST METHOD OF ATTRACTING CUSTOMERS

When all the preliminaries for business are completed it is always a good policy for a retailer to send out a neatly printed circular, personally addressed, to every one whom he may wish to become a customer, inviting him to his opening. It is regarded as a compliment by the recipients and secures their good will, if not their immediate custom. Shrewd dealers are also in the habit of making small, inexpensive presents to the children who may visit their stores knowing that the hearts of parents are won by attention to their offsprings. But the great lever which a merchant must use to attract customers is—*Publicity*.

It is a self-evident proposition that a man who has an article to sell must in some way

inform the public of the fact and, in general, the circle of his customers will be widened in proportion to the pains he takes to make his business known. There are at all times men who are looking out for new stores and new goods and are trying to find out where they can get the most for their money.

Cards and circulars, especially if they are artistically printed and embellished with some design that will please the eye, are useful ; but, probably *the most effective method of building up a retail business is—persistent and judicious advertising* in the local journals. We do not mean the insertion of a mere card, ‘John Smith, dealer in hosiery, white goods &c.’ ; but an advertisement arranged to attract the eye, arrest the attention, and make an impression. Advertising has been likened to wheat sown in the ground which grows while the farmer sleeps ; so, while the merchant is sleeping, or easing, or conversing, his advertisements are being read and his name and business become familiar to thousands who otherwise would never have heard of either. A very extensive clothier in Philadelphia, when his cashier reported to him that sales were decreasing and business becoming

dull, replied, "That is easily remedied, increase the advertising." A French writer has said, "The reader of a newspaper does not see the first insertion of an ordinary advertisement; the second insertion he sees but does not read; the third insertion he reads; the fourth insertion he looks at the price; the fifth insertion he speaks of it to his wife; the sixth insertion he is ready to purchase and the seventh insertion he purchases." Intermittent and the homœopathic doses of advertising are like half a potion of physic, making the patient sick but effecting nothing. Hammer away on one spot and, sooner or later, as in drilling in a rock an impression will be made and the orders will gush forth to reward your persistency. "Knock perpetually at the door, says a proverb, "and it will be opened to your importunity, if not to your necessity."

A man once said to an American business magnate, "I have tried advertising and did not succeed, yet I have a good article." He replied, "My friend, there may be exception o a general rule, but how do you advertise?" "I put it in a weekly newspaper three times and paid a dollar and a half for it". The

gentleman replied, "Sir, advertising is like learning—a little is a dangerous thing".

It is the folly of some store-keepers to use advertising as a means of deceiving the public. People attracted to their stores by false announcement discover that they have been humbugged and deceived and go away not only disgusted at the individual but prejudiced against all advertising tradesmen. Advertising lies are more damaging than not to advertise at all. No man in business can thrive on chance customers alone; to attain permanent prosperity he must have permanent customers who buy and return and buy again.

XI.

THE CREED OF A GOOD SALESMAN

1. To treat all who enter the store, whether they purchase or not, with the same deference and attention as the most favoured customer, for they may become such in the future.

2. To meet the incomer with a pleasant, welcoming look and word as a gentleman would receive an acquaintance at his private residence.

3. To have an ample supply of sample cards so as to avoid handling goods unnecessarily; but, when the buyer has made a selection of what he would like to see, an expert salesman spares no trouble to give him an opportunity to examine the goods himself.

4. A good salesman does not show indifference whether the customer purchases or not, and does not urge him to buy what he does not seem to want, nor manifests so much

anxiety to sell as to creat the impression that there must be good profit in the sale.

5. A good salesman talks enough to explain what the customer ought to know as to the cause of difference in price and value of various articles of merchandise ; but, at the same time, avoids talking overmuch, especially on outside matters during a negotiation of sale. Discretion in speech is more than eloquence.

6. A good salesman pays deference to the opinions of his customers and does not make them feel that he knows everything and they, nothing.

7. A good salesman does not enter into contentious argument with customers, nor, when they deprecate his goods, answers back rudely, but either, insinuates that they are trying to cheapen the merchandise, or expresses regret that the article does not suit.

8. A good salesman calls attention of his customers to the special bargains he may have to offer and does not expatiate on them as something unprecedented and wonderful, on the contrary, creates the impression that bargains are nothing unusual or rare in that store.

9. A good salesman endeavours to ascertain the price the customer expects to pay and does not begin by showing something much higher in price and superior in quality, and then goes down to the grades that can be offered at the price named lest he becomes dissatisfied with the inferior quality and wishes to look further.

10. A good salesman who feels that an abatement in price is necessary to effect a sale does not wait for the customer to make an offer but proposes a reduction voluntarily as a favour or for some friendly reason and not as a rule of the establishment.

11. A good salesman has a quick appreciation of the wants of buyers and does not comment with equal praise on all kinds or styles of goods to all persons but catches at the fancy of the customer and presses delicately upon that ; or, if it is an injudicious choice, he points out its defect and produces a more suitable article and thus inspires confidence.

12. A good salesman has a thorough knowledge of human nature, courteous manners, and a ready tact in adapting himself to the various humours of the buyers.

XII.

MAXIMS FOR MERCHANTS

1. The shrewdest buyers never trade for any considerable time with a merchant who is always selling out at cost.

2. Treat with as much courtesy the man who buys a dollar's worth of goods as you would the man who buys a hundred. Policy as well as principle suggests this, for no one knows how soon the two purchasers may change places.

3. If trade is dull, stock can be looked over, dusted and re-arranged. Profits during this period will not be large in money, but work of this sort will enable one to treble sales when the busy season comes.

4. Deception never pays when, or however, used. The offer to sell goods 'twenty percent below manufacturers' prices' drives away more customers than it attracts.

5. Economy is of priceless value every where, and the little savings in a store make the difference many times between success and failure.

6. Every person intending to follow mercantile pursuits should pass through all the stages of the business, commencing as "wagon-boy". If not, he is unfit to direct a branch of the business which is of great importance.

7. Men and not sharpers command desirable trade in the long run. It is safer, therefore, to be manly, straightforward, upright than to be tricky and a cheat. It is not only safer, but wiser. Ill-gotten gains are a curse; righteous profits are always a blessing.

8. *Be polite and kind to your customers.* Men who drive sharp bargains with their customers, acting as if they never expected to see them again, will not be mistaken if they will never see them again as customers.

XIII.

FOUR UNCHANGEABLE PRINCIPLES OF TRADE

Alexander T. Stewart was an Irish lad who came to America in 1818. He opened a small dry goods business in New York which was not specially distinguished from the thousands of that sort to be met with in cities. Up to the age of twenty-one, young Stewart had made no particular mark in business, certainly had not developed the usual capacity he possessed. He began in a store 12 feet wide and 30 feet deep for which he paid a rental of 375 dollars a year and in this laid the foundation of the most successful business career of the time in which he lived. He began with *four unchangeable principles of trade*, as he called them, from which he never swerved.

His *first rule* was *honesty between buyer and seller*. His career is a perfect exemplifica-

tion of poor Richard's maxim—"Honesty is the best policy" and of the poet's declaration—"Nothing can need a lie". His interest consorted with his inclination, his policy with his principles, and the business with the man when he determined that truth should be told over the counter and that no misrepresentation of his goods should be made. He never asked, he would never suffer, a clerk to misrepresent anything.

A *second innovation* of the young dry goods dealer was *selling at one price*—a custom which had continued without interruption and which has spread to all the great houses. He fixed his price after careful consideration at what the goods could and would bring and would not deviate from it. Of course, he followed the fluctuation of the market and marked his goods up or down in accordance with it, but no difference in the price was made to different people.

The *third principle* he adopted was that of *cash on delivery*. It is said that his own early experience in buying on credit and selling on credit drove him to this rule, that he had at one time a large note to pay and in order to meet it, was forced to sell goods at a loss.

A *fourth principle* with him was to *conduct business as business and not as sentiment*. His aim was honourable profit and he proposed to make it whether his customer was his best friend or his worst enemy.

XIV.

WHAT COMES BEFORE BUYING AND SELLING.

Every young person proposing to enter upon the business of trading, expecting to make that a permanent occupation, must consider some things that do not directly attach to actually buying and selling. The first and *the most important is a correct judgment of one's self*. Every individual is born with capacities which, in their development, fit him for some special work, or, stating it in another and somewhat modified form, with natural ability to do some thing better. One of the first questions, therefore, to be asked when a youngman is considering whether or not he shall enter the realm of trade is—"Have I a natural aptitude for the business?" If so, other things being equal, there is little doubt of final success.

Our next enquiry will naturally be—What *education* is necessary to begin a business which is to have the elements of prosperity in it? In this, as in all else where knowledge is necessary to success, we must *begin at the bottom*; and there are a few callings that require so long and so thorough an apprenticeship as this of buying and selling goods at this period of the world's history.

Consider some of the essentials: The merchant in the first place should know how to do everything that appertains to his business. Goods are to be properly done up, properly marked, if sent by express or otherwise, where marking is needed, and properly and promptly delivered when the sale is within delivering distance.

The store is to be kept clean and especially the goods in the store in a presentable, attractive and, if possible, in an alluring shape. All these simple mechanical operations may seem of little consequence, but they are of the utmost importance as stamping the character of a concern, exhibiting how the business is done, and they are as much a part of a business education as large matters.

Next, perhaps is the proper and correct

mode of making bills of the goods sold. A tasteful schedule of the purchases which the customer makes, with everything about it clear, full, correct, is one of the best advertisements that a concern can possibly issue.

On the other hand, to a purchaser of taste, precision and nicety in all his perceptions, bad spelling and bad writing, if not considered a positive and personal insult, would amazingly weaken his interest in a merchant who would constantly permit himself to be disgraced by anything of this sort.

This brings us to "*keeping books*" which in large concerns is generally entrusted to some particular individual, but which no merchant can be ignorant of without running serious risks. There is not a day when some references to the accounts will not be necessary, and it generally prevents all difficulty if the proprietor can turn to his Day Book and Ledger and with ready knowledge and ready tact inform his customer as to his standing, and, what is many times of graver consequence, satisfy himself at stated and frequent periods whether he is going astern or making reasonable, if not rapid, headway.

Every merchant is obliged to deal with an

almost infinite variety of men. They represent every stage of intellectual development, every shade of political opinion and every phase of religious belief. A complete merchant is bound to know something of each and have such ready insight into his customer's mode and mind that he can make his visits, if occasion requires, a source of pleasure as well as profit.

There is a certain knowledge of men, something that comes of *making persons a study*, something that we do not get out of books which, when required, is the source of immense power. Each individual has what the world calls peculiarities, habits of thought and modes of action especially his own, something that distinguishes him from all others, makes him inaccessible to some kinds of approach and open to others.

One of the most successful lawyers that ever pleaded at the English bar, besides studying the case, studied the habits of the Jury, found out the susceptible point of each man and in his matchless manner contrived somewhere in his addresses to say something which would have special reference to the peculiarities of each, and so, each interested, absorbed, over-

whelmed, won. Had this accomplished advocate simply understood the legal points of the question he was discussing and presented them with whatever force and elegance, some of the twelve might have been persuaded, but not all. As it was, the result was such as to win for the British barrister the proud eulogium that "before a Jury of his countrymen he was the most successful man in Europe."

All this must be understood and recognised in the realm of trade. Every customer requires different treatment and must have it if they would be satisfied and retained. It must be the business of the individual who proposes to succeed, to not only put thought into what legitimately appertains to the manipulation of goods but what is equally important, the best way to secure and retain the patronage of those who are expected to buy.

It is related that a venerable Doctor of Divinity, seeking on the crowded shelves of a metropolitan book-store for a rare and valuable work, was so annoyed by an attendant who insisted on thrusting under the grave nose of the spectacled scholar some of the latest literary trash, as he thought it his business

to do, that he left the store in disgust, never to return, although in former times he had spent considerable time and quite a portion of his salary in the store, to the great profit of the owner. The foolish clerk may have studied many things but he had not studied men.

Lord Bacon in a letter written at the age of thirty-one to his uncle - Lord Burleigh, said, "I have taken all knowledge to be my province." A merchant should take all business to be his province. He should have a familiar acquaintance with all.

Consider the reasonableness of this necessity. In the course of his life he will be called upon to deal with men where knowledge of their business will be an absolute necessity. Knowing, as he should, about what goods cost, he can be the better judge as to the amount of profit charged and whether it is exorbitant or otherwise ; and, in making sales to his own customers, he can frequently secure confidence, and thus trade, by showing the successive steps that have been requisite to bring the article to its present shape and the cost of each.

Besides, knowledge broadens a man, gives him self-poise, confidence and inspires confidence

in others, which is never more needed than in matters of money. Men purchasing of others not infrequently pay their prices without question simply because they believe that they are buying of persons who, understanding all values, use their knowledge in the purchase of goods and, being content with a reasonable profit, sell them as low as they can be sold with safety to all parties concerned.

Finally, a model merchant must be a model man and the characteristics that have the greatest conspicuity should be those that commend them to public confidence as a patriotic, free-hearted citizen, and a noble, honourable man.

XV.

CHARACTERISTICS OF A MODEL BUYER

An experienced buyer is generally a man of few words but of very methodical habits. He prepares a careful memorandum of what he wants to buy and does not trust himself, in the excitement of the market, without it. He scans the commercial journals containing advertisements of firms that deal in the commodities which he wants to buy, notes what they have to offer and informs himself respecting their reputation for reliability, fair dealing, and disposition to consider the interests of their customers as well as their own interests. When he needs a whole case or bale of one kind of goods, he endeavours to procure it from the manufacturers' agents, if possible, but, as a general rule, he understands that it is cheaper to pay the wholesale dealer's profits than to buy more

of any one kind of goods than he can advantageously dispose of. Before he purchases he explains to the seller how he proposes to pay, whether in cash or by note, and, if part cash and part credit, what proportion of each. In his demeanour during the negotiation a good buyer is courteous and gentlemanly, not harshly critical of what the seller commends, knowing that bargains are not given, nor concession in price made to disagreeable customers. Honey is more effective than vinegar in buying goods as well as in catching flies.

When it is feasible, it is a good policy to adopt the system practised by government departments and municipal bodies in purchasing their stores, that is, to make out a detailed list of articles wanted and solicit proposals for furnishing them. Finally, where there is not full opportunity for examination, or there is room for doubt, a good buyer always demands a warranty or guarantee that the merchandise is what it is represented to be.

"The chief qualification of a good buyer, says a shrewd American writer, is a judgment of goods, of a salesman, a judgment of men".

XVI .

BUYING AND SELLING AND GETTING GAIN

Every merchant is bound before going into business to know what the customers whom he expects to attract to his store will want. His success in trade depends upon his selling, and if he expects to sell, he must keep what the people will buy and any purchase that he makes, however well-bought as to price, is ill-bought if it is to rot on the shelves. And here the first steps are taken towards bankruptcy by many persons starting in business. They buy articles because they are cheap without considering that whether cheap or dear they represent so much dead capital unless some one can be induced to take them off their hands.

Not a few men sink, bury, in unsalable stock all or nearly all their profits. It is reported

of a person in business in America that he showed goods to customers when he was sixteen years of age which were known to have been in the same store twenty-three years and it may be presumed that they are there now though more than a third of a century has rolled away since those youthful days. The cost of that linen which at start was fifty cents a yard and afterwards marked down to forty-two would be at this writing, semi-annual interest added, fifteen dollars a yard instead of fifty cents and that was but a sample of many other things in the same store. Is it any wonder that when the ancient merchant died the people of the town wondered at the smallness of the property of a man who had been in good business as they thought so long, barely enough to give him a decent burial and pay his honest debts? A respectable property sunk in old goods!

Unless goods are of a character that they will be in season and perhaps with new ones sell at some definite future time, *the moment an article will not pay a fair profit, sell it at cost, the moment it will not sell at cost, sell it at some price, get it out of the store.*

The old adage that "goods well-bought are

half-sold" is true provided the wares are what the people want. One of the most important matters for consideration, then, is—*when to buy* .

There is in the most staple articles more or less of fluctuation—something affecting the market to-day which will not perhaps affect to-morrow. Flour worth nine dollars a barrel at certain seasons of the year will go up to ten under reliable advices of a short crop, or go down to eight if the country is likely to be flooded with wheat. Somebody who has bought a stock of five hundred or a thousand barrels, makes or loses five hundred or thousand dollars; and it should be the business of the well-instructed and successful trader to make it and not lose it every time. But some one may say, "this is one of the uncertainties of trade and one merchant must take his chance with another". It is one of the uncertainties of trade, no doubt, but the difference between a wise merchant and an unwise one is just this—the former keeping himself thoroughly informed with reference to the growing crop of wheat, using this as an illustration, knows whether the probabilities are that the crop will be abundant or short and governs his purchases accordingly; while the man who never thinks

or reads, whose mind is simply centred on the subjects around him, buys without plan and not infrequently buys so, that loss is inevitable.

There is such a thing as *taking advantage of the markets*, calculating with reasonable certainty as to the price of goods in the future ; and that man is most successful who, with shrewd, almost prophetic foresight, as he comes to have at length, contrives to buy a considerable portion of his goods so as to secure a rise.

We have said elsewhere that a merchant should not only understand his own business, but something of all. The more he knows of the products of the world, of the manufacturing and financial interests of the world, the better.

We sometimes signalise pursuits as specially requiring thought, research, study, and thus demanding more than an average brain power. When we leave merchandising out of that category we make a grave mistake. No profession requires, and if properly prosecuted, exacts as much concentrated, careful, thorough thought, reasoning from cause and effect, as this. Most other men have the world of literature in which to find help, but the trader who keeps even with the age, has a new set of facts which he must

himself find and from which he must draw his own inferences almost every day.

Specifically answering the question—*when to buy*, we may say—when there is no possibility of a change in price, buy as you need; when the goods are designed for certain seasons, buy ample in time to get them into the store before the first customer makes enquiry for them and not after the season is half over; when the price of the goods is likely to change, buy when you are sure that they have touched the bottom and must go up, if they go any way.

Of whom should a merchant buy? Primarily, of an honest man. If this is his character the buyer is safe, if otherwise, he is not. But again, in answer to this question, buy of a successful man, a man who himself buys well or manufactures well and thus is enabled to offer his goods without the cost of his blunders or his folly added to their price.

Turning from the seller to the buyer, *if he would buy well, he must pay well*; pay the amount of the purchase at the exact time agreed upon. The value of a known character for promptness is almost beyond estimate, and it hardly needs be said, in conclusion, that a person known to be

absolutely upright, straight-forward in all dealings, has a better opportunity to purchase upon profitable terms than one of an opposite character.

Having goods well-bought, *when are they well-sold*? When, with a fair profit added—a profit sufficient to pay the proportion which each article according to its value must furnish, of rent, fuel, lights, freights, cartages, shrinkage from breakage &c., stationery, postage, clerk hire, salary of owner, depreciation of the value of stock, interest on capital invested, losses by bad debts, with a small margin over all, the goods are sold to some one who will pay cash for his purchase, or the amount of his bill when it is due.

Many things remain unsaid which might be said with profit, and yet we believe that enough has been said and suggested, if put into thorough practice, to ensure the aspirant for the honours and emoluments of mercantile life a prosperous career.

XVII.

POSSIBLE LOSSES OF RETAILERS AND HOW TO AVOID

A grocer's stock, probably more than that of any other retailer, contains *articles of a perishable nature*, and losses from this source can only be avoided by quick sales and careful buying or, in other words, in not buying more at a time than can be readily sold. *Leakages* are also the occasion of considerable loss especially with those unfortunate persons who are in the habit of postponing until to-morrow what should be done to-day. A bucket of brine put to-day on a barrel of pork, it has been remarked, together with the stoppage of the leak in the barrel, may save a considerable sum which would be lost if the work is left for that "to-morrow" which seldom comes. *Changes of fashion and style*, new articles superseding the old, are the causes of loss

to those who do not keep their eyes open and notice the changes that are going on around them. Who, it has been aptly asked, now buys the old fashioned, two-pronged, ivory-handled, table forks, or, brass door knobs, or, lard oil lamps that were formerly conspicuous on every retailer's shelves? But probably, *the source of the greatest loss to retail grocers is in giving over-weight and over-measure.* This is contrary to the impression of many who do not hesitate to accuse grocers of giving light weight, but those who have had experience in the business, estimate that grocers lose from one to two per cent. from over-weight, especially in stores where the sales are numerous and the clerks inexperienced.

A gentleman who has had thirty years' experience in a retail store remarks—it is very easy to lose one or two per cent. by carelessness in this respect and when it is remembered that this loss is out of the net profits of the business which in many cases will not exceed eight or ten per cent., it can be readily believed that the net profits may fall short one-quarter of the contemplated result from this cause. The proportional loss is still greater where the gross profits are small and the business depends for

its success on selling a great quantity of goods. Very often this overweight and measure results from the employment of salesmen who have never been taught how to weigh or measure the goods they sell, and a few lessons are needed to perfect them. An excellent lesson for such, and worth trying occasionally by those more experienced, is to take a hundredweight of some easily handled articles and weigh it out into five pound quantities, or even less, so carefully as to make the requisite number of pounds. Measured goods can be similarly tested. One who has never tried it will be astonished at the diversity of results obtained by different persons.

Losses sometimes occur this way *through purchasing goods by the piece, box, or barrel as of a certain specific measure or weight*, as Chinese silks, raisins, fish, flour &c. These are purchased as containing a specific number of yards, gallons, or pounds, but many times they fall short of that; and as the articles are not bought by the measure but the piece, or package, no allowance can be claimed. Where such goods are retailed, it is well occasionally to test the net contents of a piece or package so that the actual

cost per yard, gallon, or pound may be seen. In some cases, this result may be more conveniently ascertained by keeping a memorandum on the package of each, amount weighed out as sold, until the whole is retailed.

XVIII.

TRUE THEORY OF SELLING WHOLESALE

To regard the interests of the buyer and to sell him goods that are adapted to his market, or such as he can re-sell quickly and advantageously, is *the true theory of selling goods at wholesale*. It was the maxim of a distinguished business man that no trade can be sound that is not beneficial to both parties, to the buyer as well as to the seller. A man may obtain a temporary advantage by selling unsalable fabrics or articles for more than they are worth, but the recoil of such operations is felt in the shape of bad debts and increased risks.

An old merchant, eminently successful, says, that he thinks that more traders fail through a lack of interest in their customers' welfare than for want of devotion to what they selfishly consider their own advantage. When in the retail trade, this merchant was noted for his candour in advising his customers against any

purchase which he thought would not give them permanent satisfaction. He would always forego a sale if he believed the article under examination was not the one which the buyer really required. When he left the retail trade and engaged in a large wholesale business he continued to practise the same principle.

He did it conscientiously as a matter of duty; but he always insisted that it was also the true mercantile policy. His customers could pay him because they were enabled to sell everything they bought of him at a profit. They liked to trade with him because he sought their interest, advised them what to purchase, and would not, to clear out his own stock, transfer to their shelves any article he did not believe they could turn to advantage. He would often take back, to his own present loss, some fabric which proved unsalable. He called such dead stock "shop-keepers" and he often declared that he would rather dig a hole in the ground and bury them than to have them lie year after year on the shelves of his patrons, as a continual reminder that they had made a bad bargain in the purchase. This may sound strange to some of the young merchants of our day, but it is the true theory of business.

XIX.

PROFITS INCREASE IN PROPORTION TO RAPIDITY OF SALES

A merchant can carry on his business safely when he exchanges his products for cash, or for other products of equal or greater value to him, and in proportion to the rapidity with which he can effect these exchanges he can afford to work cheaply.

"If a merchant," says an American writer, 'purchases a thousand dollars' worth of iron which he sells to-morrow, he charges for his labour and skill and adds only the interest of one day upon his capital. If he must keep the iron for a whole year before he sells it, he must also charge the interest of a whole year, or else, he will be the loser by this operation. If he sells his iron to-morrow, he may invest the same sum in iron and sell again fifty times in the course of the year

and thus receive a profit fifty times a year upon the use of his skill and labour, while in the other case, he receives this profit but once". Hence, when exchanges are rapid, he can afford to exchange at less rate for his labour and skill than when they are slow. And hence, brisk exchanges are for the benefit of both buyer and seller, and a benefit to the one is benefit to all. It is for this reason, among others, that we can frequently purchase at a cheaper rate in a large city than in a country town and from a firm doing a large trade in a particular article than from those who have but few customers.

It must be *either occasional sales and large profits, or, frequent sales and small profits*—both amounting to the same thing; the one suited to an age when wants are few and competition unknown; the other to a period when wants are many and competition universal.

XX.

PROPORTION OF CAPITAL TO LIABILITIES

How far a trader may innocently involve himself in debt has been discussed by able writers with varying conclusions. It is probably impossible to prescribe any arbitrary rule on the subject, yet there is a limit beyond which it is not safe to go in business. A distinguished Boston merchant, very early in his business career, discovered that *excessive credit was the rock upon which most business-men were broken* and he resolved never to be in debt more than two and one-half times his capital—a plan which, his biographer says, saved him from even getting embarrassed. In banking, the safe rule has been declared to be, not to exceed the proportion of three to one.

Gilbert, Manager of the London and Westminster Bank, says in his Treatise on Bank-

ing—"Although the proportion which the capital of a bank should bear to its liabilities may vary with different banks, perhaps one would not go far wrong in saying that it should never be less than one-third of its liabilities. I would exclude, however, from this comparison all liabilities except those arising from notes and deposits. If the notes and deposits together amount to more than three times the amount of the paid-up capital, the bank should call up more capital". In New England, the safe limit is considered to be that of two to one. One of the most eminent bankers in Europe has given it as his deliberate opinion that a man should not extend his business to more than three times the amount of his capital and, if it be a large business, to not more than twice his capital. I presume, however, that the rule must vary with different kinds of business, but there is a limit to each particular business beyond which it is not prudent to go. A man has the right to risk his own capital but he has no right to risk the property of others without their consent, and he can only honestly extend his business at any time so that if his property should suddenly depreciate in

value to the ordinary level of low prices, and if he should meet with the average percentage of losses by bad debts and other risks incidental to the business, he would still be able to pay his debts. Without accurate information on these points *a man whose liabilities are already three times the amount of his capital should be extremely cautious in extending his purchases, however inviting the speculation may appear ;* and that in the taking and giving of credit he cannot calculate with any degree of certainty in being able to meet his payments promptly, except by giving one-third less credit than he takes.

Defoe says—"There are two things which may properly be called over-trading, and by both of which tradesmen are often overthrown:—1. Trading beyond their stock (capital), 2. Giving too large a credit".

When trading, if a man proceeds beyond a safe limit of his capital in any material degree, he is said to be *over-trading*, and is exposed to the risk of serious embarrassment and ultimate ruin. *Over-buying*, that is, buying faster than he can sell, is just as risky as over-trading. A tradesman, therefore, especially at the beginning, ought to be very wary of taking too much credit.

XXI.

SALES ON CREDIT AND THEIR RISKS

The most frequent source of loss in retail trade is the giving of too long a credit to new customers because of a fear that a competitor may get the order.

Granting credit on a first order often leads to the extension of credit on a second and third to make good on the payment of the first. This is a dangerous course to follow. To guard against this there should be a limit placed upon the monthly credit which is to be extended to a customer. The customer should, on no account, be told that such a limit has been set. Nothing is more irritating than refusing a credit or fixing a shorter term of credit after credit has been once extended. Tampering with the customers' feelings is detrimental to success in business.

With competitions as sharp as it is to-day,

there is a tendency among many a trader to secure sales by offering high discounts and long credit. This practice has a very demoralising effect upon trade. It unsettles the market, cuts the price to its unprofitable level, and brings in its train serious embarrassment upon both the receiver and the giver.

The aim of every trader should be an increase in the sales with a minimum of losses. A careful man allows credit on such a basis and watches the accounts in such a manner that his percentage of losses is not raised beyond a safe average limit. Before granting credit, a business man should try to get as much information as possible about a prospective buyer unware. This requires ability to read human nature, to judge of a man's character and worth simply by intuition, and intuition is nothing but knowledge and experience intelligently applied.

Sharp collections reduce the percentage of losses and increase sales. As the age of a bill increases the chance of collecting it decreases, or in other words, the older the bill is, the harder it is to collect. Experience shows that the majority of losses occur among over-due acc-

ounts. Never allow over-due collections to drag along. Insistence on payment will, as a matter of course, weed out chronically slow payers.

A credit customer will always buy at a place where he has an account. There is no bond strong enough to bind a customer to a firm as a credit account. But the fact should not be lost sight of that there can be no profit in promoting business with a dangerous credit risk.

In credit, it is always advisable to see a customer personally. What cannot be put in a letter can be better explained by personal interviews. A face to face talk clears up matters quicker and produces better impressions which may help in the solution of matters that appeared a hard proposition in the beginning.

In collecting over-due accounts all possible moral persuasion and peaceful efforts should be exhausted before resorting to more strenuous methods—the law courts. Legal action is unpleasant and unfruitful and a creditor should avoid it as long as possible. It is liable to give the firm a bad name, whether justly or unjustly, and is never profitable. It has been well-said that a successful law suit like a successful strike, is less ruinous than an unsuccessful one.

XXII

BANKING PRINCIPLES IN EXTENDING CREDITS

When credit is solicited by a new customer it is necessary to require the applicant to register in a book such particulars in regard to his circumstances as a creditor ought to know. This should be done not in exceptional cases, or after a verbal enquiry or lengthened conversation, but at the outset, as a matter of course, precisely as applicants for life insurance are required to answer a preliminary series of printed questions. This statement should include not only the amount of the assets and the liabilities but whether any part of the capital is borrowed, and if so, whether the amount so borrowed is "confidential", and if not, whether it is his intention in case of difficulty that the loan shall be paid before other debts; and, of the liabilities, what proportion is "confidential" and

what—"general", the amount of his collateral engagements as endorser, surety or guarantor, the amount of goods he has already purchased at other houses, or intends to purchase; for, if you knew he intended to buy 50,000 dollars on a capital of 5000 dollars it is probable you would not care to credit him. A statement of this kind should be required periodically, and one of the enquiries should be, whether any change in his circumstances had taken place since the preceding statement. Where it was the uniform rule of the house, applicable to all alike, to require a written statement from credit buyers, no one worthy of receiving credit would object to giving it, on the contrary, all such would solicit the privilege.

It is an inconsistency that cannot be reconciled with any sound principles of finance that merchants will sell goods at 10 per cent. profit on long credit to men to whom they would not lend money without security at 20 per cent. interest. Neither manufacturers nor merchants will ever be permanently prosperous so long as they are subject to the losses inseparable to the present system of giving credit without proper investigation or security.

XXIII.

INTEREST THE CANKER-WORM OF A CREDIT BUSINESS

It is the peculiarity of *Interest* that it works through the night as well as the day, in storm as well as in sunshine, on Sundays as well as on week-days—all the while eating up the profits or the substance of those who pay. Money has been compared to fire in that it is an excellent servant but a terrible master. While the creditor who receives interest wakes up in the morning richer than when he retired, the debtor who pays is to the same extent poorer. Even when no more than legal interest is paid it rolls up with fearful rapidity—but when the debtor gets into the hands of usurers who charge double or treble the legal rate for the use of money, little less than a miracle can save him from bankruptcy.

On one occasion a merchant in extensive

business in New York called upon James G. King, a banker who in his day was named by profane persons—"The Almighty of Wall Street", and said to him: "Mr. King, I keep four large bank accounts and I have offered heavily the best paper for discount. It is flung out as fast as I offer it. I shall have to go on the street and do as others do—get heavily shaved. Money is now three per cent. a month. I have got to pay it. I do not see why I should not pay that to your house as well as that on the street. I will bring down my portfolio. It contains bills receivable for over \$200,000 No. 1 business paper. You can have your selection. I must have \$100,000 in cash before another week."

"No business can stand such a premium for money any length of time. It will use up a million capital very speedily," said Mr. King. "Oh, not at all. My business will justify my paying any rate of interest, however exorbitant."

"Why discount for a short time? Why not make it for two or three years? I will not discount your good business paper. Pay your debts with it. I will discount your note for \$100,000 if you will make it three years."

"Thank you, Mr. King. I will draw it at once. It is very kind of you, but don't you want collateral?" "No, Sir." Mr. Miller, (turning to his accountant), "Take off the discount at three years and draw a cheque for the balance for Mr. D. But wait a moment, D.—give me your note for \$100,000." The conversation became general, both were seated when the accountant handed the following memorandum to Mr. King:—

Note of Mr. D., payable three years
after date for \$100,000.

Discount at three per cent a month,
or, thirty-six percent per year,
or, for three years, one hundred
and eight per cent, \$108,000

Balance due Prime, Ward & King... \$ 8,000

"D., Have you a blank Cheque with you"—pleasantly asked Mr. King.

A Cheque! What for?

"Why, Miller has handed me a statement and I find that if we discount your note for three years for \$100,000, at three percent. a month you will have to pay us \$8000."

"Why, this is absurd. I give you my note for \$100,000 and get no cash in return but have to give you \$8000 cash. Bah!"

"Be cool, D., and listen. I have done this to give you a lesson to show you where your mercantile career will end if you submit to such extortion. Now, if you will pledge me your word of honour that you will curtail your business and never pay more than seven percent. interest for money to carry on your trade I will tell you what I will do. You want \$100,000. Draw your note for that sum at ninety days, leave with me \$100,000 of your best bills receivable and I will give you the money, less the ordinary discount of seven per cent."

Mr. D. was grateful. He appreciated the lesson and is now one of the wealthiest men of the city of New York.

XXIV.

PRINCIPAL CAUSES OF FAILURE

The road that leads to insolvency is broad, easy to travel, bordered with flowers and full of pleasant company ; whilst, the path that leads to wealth or fame is narrow, hilly, and hard to climb, requiring more labour and self-denial than most travellers are willing to expend. The causes of failures in business are as numerous as the follies of mankind ; but of the cases which are adjudicated in the bankruptcy courts, it is said that full one-half may be traced to imprudent expenditures, or in expending more than the profits of their business would justify. Many failures are also caused by injudicious investments, or what are sometimes termed outside speculations ;—many, by over-trading with a small capital, by endorsing without reward or security, and by fickle and unstable legislation

respecting tariff and currency ; some, by “dry rot” or want of enterprise ; a few, by robberies and fires, by quarrels between partners, by neglected book-keeping, law suits &c. And, until men’s minds are rectified and purged of the ambition to become suddenly rich, there will always be abundant causes of failures.

Failures are too often the result of branching out into fields outside of one’s experience. The more a business man spreads himself the thinner the spread. One may have subsidiary callings but something must be chief.

PART III

Manufacture.

XXV.

THE BUSINESS OF MANUFACTURING

The word "Manufacture" comes from Latin *manus*, 'the hand' and *facere*, 'to make,' and means literally, to make with the hand. Webster's definition of manufacture is 'to make or fabricate from raw materials by the hand or by machinery or other means something suitable, desirable or convenient for use, as, to manufacture cloth out of cotton, nails from ore, shoes from leather, flour from wheat, glass from sand and the like.' Every process, therefore, by which any natural product of the earth is transformed and re-transformed into something

which may be more useful or valuable, is properly called manufacturing.

More than one-quarter of the whole population of the United States is supported, directly or indirectly, by its manufacturing industries; and no inconsiderable proportion of the increase of individual wealth comes from this most prolific source.

Let us examine the foundation upon which this immense business stands. Success in any manufacturing operation involves :—

First :—*A demand for the goods or articles manufactured.*

Secondly :—*An ability to manufacture these goods or articles as cheaply as other individuals engaged in the same business.*

Thirdly :—*Facilities for putting the manufactured product before the customer and presenting at least equal and, if possible, the largest inducements for him to buy.*

Consider the first statement : *A demand for the goods manufactured.* All that need be said is this :—Time and money and skill will suffice to make almost anything, but all is lost unless somebody wants what is made and will buy it at a price above its cost. *Profit comes of*

selling—not of making. It is most important, then, whenever an individual proposes to go into the manufacturing business, to know that there is a demand for what is proposed to be made.

The second point : *An ability to manufacture goods or articles as cheaply as others who are engaged in the same business.* One of the wisest men in matters of this sort has said :—"Never think of profits, but always of losses and costs." And so, when considering a business it is best to put the most unfavourable construction on every thing instead of the most favourable, and if judging from this standpoint the projector of the new enterprise or the man who would enter the domain of manufacturing in competition with thousands of others is certain that he can make goods as cheaply as any of his most experienced brethren let him enter upon the undertaking. It may be that the new blood has elements of power which the old has not, and as in war so in business, God helps the side, other things being equal, which has the heaviest artillery.

Our third point : *The new manufacturer must have facilities for putting his manufactured goods before the customer and presenting at least equal, if not larger, inducements for him to buy.* It is

a fact everywhere recognised in the business world that each individual or corporation that makes a certain style of goods at length secures a "line of trade," as it is called, for its wares. In short, a particular "make" whether of cotton cloth, farm wagons, reapers, or anything else comes to be known, and when known, it will always sell easier and quicker than anything of the same sort, or even something better, which has not the reputation at its back. The fact that a house is an old house, a well established house, counts immeasurably in securing sales. Unless, therefore, the new person or organisation has better means of putting wares before the public, makes a better article, and, having both capital and courage, can wait for the recognition that time always secures for a good thing, the chances of success are dubious.

Going into the business of manufacturing involves capital, necessitates watchfulness, demands an order of intellect which is considerably above the average.

The best advice that can be given to any person, young or old, is to study the whole subject with great care, great soberness, and if

satisfied that there will be a demand for the goods, that he can make them as cheaply as any one, and secure for them a ready and prompt sale, his own interest will suggest what is wise when the opportunity offers.

XXVI.

ELEMENTS OF SUCCESS IN MANUFACTURING

The one matter of primary importance in conducting successfully any manufacturing operation is *that the person understands it himself*. It is generally financial suicide for an individual, whatever his means, to go into a business which he does not know both in general and in detail. Hence, an apprenticeship, more or less long, is an almost absolute condition of success.

Next, *Capital* is absolutely needful. It takes time to do most things in this world, in fact, all things that are of any importance, and no new enterprise is started, or an old one continued, that does not involve the expenditure of considerable money before return can be safely depended upon. The manufacturer, therefore, must have some means to begin with, or the success of his enterprise will be imperilled.

Next, and of grave importance, is *Prudence*. A prudent man is one who is careful of the consequences of enterprises, one who is economical in the expenditure of money.

Ruinous economy and ruinous extravagance. In starting any manufacturing business there is such a thing as ruinous economy and such a thing as ruinous extravagance. A *ruinous economy* exhibits itself in putting poor machinery—something that would inevitably make the product second class, using perhaps a grade of stock which would carry the manufactured article below the average of the best standards, or, worse than either, employing second or third class helps who waste more than their wages for lack of a knowledge of what they are set to do. On the other hand, *ruinous extravagance* is putting money into buildings, offices, ornamentations—spending more for show than for utility.

Fighting the costs. Equally necessary is what a most successful business as well as military man calls—“*fighting the costs.*” Buying the raw materials the cheapest, paying the smallest adequate sum for transportation of all sorts, making the products the best and largest with

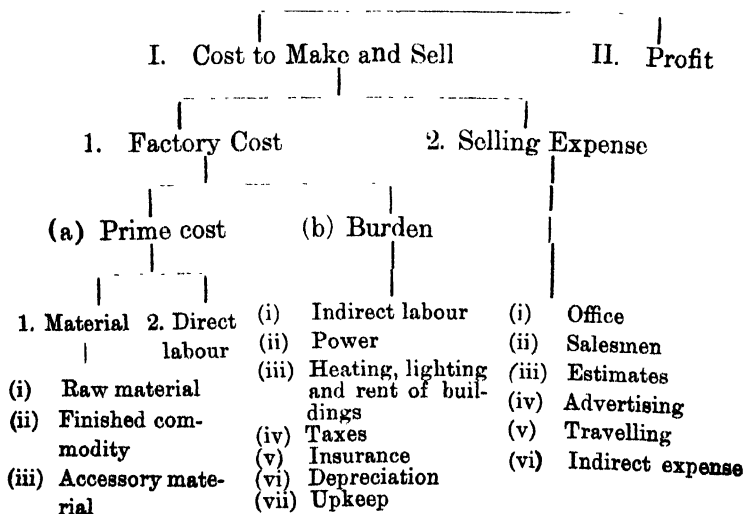
the facilities possessed and the help employed, constantly keeping in mind the littles that make up the large with the purpose of making them as small and as few as possible—this is ‘fighting the costs’, and the more ardently the battle is waged the completest will be the victory won.

Cost of production and the selling price. Knowing the exact cost is absolutely needful. It takes brain and time to put into shape a statement showing how much raw material was used in a certain month and exactly what it cost, what expenses attached to it before entering the establishment, how much was paid for each different process from the beginning to the end and the aggregate of the whole, the amount of interest on the capital invested which can be properly charged against the month’s production, and so, of salaries, office expenses, travel and the numerous other items that make up the out-goes of every business. And yet, no business is conducted as it should be that does not embrace all these, not spasmodically, occasionally done, but something that is practised from the year’s beginning to its end and from one decade to another. And because this is not done, men fail. They put goods upon the market at a certain

price supposing that they are adding a fair margin for profit—but they do not know whether they are, or not. By and by, there is not money enough to pay expenses and insolvency is the bitter end. *Right calculation, therefore, of the cost of production and its selling price is an essential condition for success.*

The elements that enter into the Selling Price of a manufactured product are shown in the graphic representation given below :—

SELLING PRICE



(B. C. Bean's—Cost of Production).

Periodical-stock taking. Stock-taking is a process which should be repeated in every business at regular intervals. Its object is to ascertain exactly what goods are on hand. Without previously having taken stock no merchant or manufacturer can balance his books or ascertain how much he is worth. It should be made a rule in stock-taking that nothing but real value must appear on the balance sheet. It is a safe rule to calculate the value of stock at the cost price, or the market price, whichever is lower. Systematic stock-taking, accurately kept book accounts, and a careful balance sheet are actual necessities of any business. The man who never knows where he stands will not be likely to stand anywhere long.

Keeping accurate accounts. In commencing any business where profit and loss is an inevitable consequence all persons, young or old, should know exactly what their available means are. If the inventory is correctly taken it subserves two purposes—persons know exactly what they are worth and that is of the utmost consequence, and whenever they repeat the process, they know whether they are gaining or losing by their operations, and exactly how much. Again, an exact inventory

starts a young person at once on a business career, gives a definite point from which to calculate success and makes the business life something, besides a succession of hap-hazard, un-thinking processes which almost always end in failure.

We always work with more energy when the reward is known to be certain and ample than when we are not sure whether we are growing poor, or rich. Besides, if we are losing our little in our business we know it and shall be apt to make a change. It is suggested, therefore, as something absolutely essential to success that all young persons starting in life, no matter what business or occupation they are to follow, take an inventory of every thing that they can honestly call their own, putting the thing and its value in a book which will be kept for reference through subsequent years and from this point take their departure on the voyage of business life.

Simple book-keeping. More than this, there should be a system of simple book-keeping in constant practice which should embrace a record of all moneys paid out and for what purpose, of all moneys received, from whence and why, and this

should be begun long before active business is entered upon.

Personal attention. One fault among those who step out of a dependent position into an independent one, who ceasing to work for others begin to have others work for them, is failure to comprehend the inexorable fact that requires more actual labour, involves more self-denial to ensure the success of any enterprise where capital is required and men are employed than it does when only certain specified hours are given for a certain specified sum.

When a person works by the day or week, he has only to be at his place at the stroke of the bell, or at the appointed signal, whatever it is, and when his hours of labour are over, his work is done. But when he becomes an employer he must be at his mill or shop earlier than any of his men to see that all is in readiness when the moment comes to commence the day's labours. He must remain after the day's work is done for reasons analogous to those that compelled his attention in the morning. Besides, there are numberless things that require attention and demand thought and if, during the first three years of starting a new business,

or getting adjusted to an old one, the new man does not pass at least two sleepless nights in a week, his experience will be different from that of most men. So constant attention to all the details of a business—constant endeavour to make the cost less and the production more—a constant purpose to sell ahead of production at an assured though a small profit rather than hold goods for a future problematical market, are the practices that ensure success, where otherwise, failure would be inevitable.

Patience and Perseverance. At the beginning of a new enterprise, irrational expectation is always incited by a corresponding depression, afterwards comes the sensible and sure average. The man who is not dazed by the first, or overwhelmed by the second, reaps the reward of the third. Children generally creep before they walk and frequently stumble considerably after they commence. A manufacturer must begin as a child does and if he fails occasionally he need not be discouraged. The presumption in each case is that after a while both will be able to stand steady, working out as the years roll on, an honourable destiny. Confucius says,—‘The greatest glory is not in never falling, but in rising every time we fall’.

Every young man should do well to remember the well-known adage—‘Make every disappointment and failure a spur to greater effort’.

Make a good article. There is something in the average human being which instinctively suggests the expenditure of money for what will be likely to last longest and look the best while in use. And so it has come to pass that the establishment of any sort which makes the best of any article of its kind is the most prosperous. Their goods recommend themselves whereas in other cases they have to be recommended by some one interested in their sale in order to secure purchaser.

Finally, *keep personal and family expenses low.* Putting on airs is costly at all times and every where, but never more so than when a man starting in business, especially if it is new, discounts his expected success and uses the proceeds in making a show.

XXVII.

SHOULD MANUFACTURERS FAVOUR HIGH OR LOW WAGES

It is the interest of all employers of labour to obtain the largest amount of work for the least expenditure of money, or, as Professor Fawcett expresses it, the cost of labour is determined by the amount of work done for the wages. If A can produce twenty yards of linen in the same time that B can produce ten yards, it will be cheaper for the employer to hire A at Rs. 3/- a day than to employ B at Rs.2/-. If ten men who demand at the rate of Rs.3/- a day will do the work of sixteen men at Rs.2/- a day, it is cheaper for the employer to hire them, for then he will pay only Rs. 30/- a day in wages instead of Rs. 32/- and will still have the same product. The difference in the comparative efficiency of workmen in most mechanical

employments is remarkable. Mr. Brossey, an English engineer, discovered that a London bricklayer could lay more bricks in a day than two country bricklayers and therefore it was cheaper to employ him at 5s. 6d. a day than the other at 3s. 6d. He discovered that as quarrymen Englishmen were cheaper at \$ 1. 25 per day than Irishmen at 80 cents, and Frenchmen at 60 cents. It is also interesting to know that "one Lancashire 'weaver' can look after six looms at a time against only one loom by an Indian mill-hand. The wages of the former are almost twice as high as those of the latter, hence, weaving in India is only half as efficient as in England. Other classes of our factory labourers are similarly costly in comparison with their work".— (J. N. Sarker's — *Economics of British India*). The only standard, therefore, by which to estimate the cost of labour is the amount of work done for the money paid, the per diem earning of the workman being in itself no criterion by which to judge of the cost of labour.

Employers of skilled labours should, as a general rule, favour high rather than low wages, for, with better food and prospects of comfort, men's powers of production increase

and capital generally reaps the largest profits when labour gets the best wages. Increased wages make increased profits by increasing production.

Employers of labour should abandon the practice of making Saturday "the pay day", as in practice it has not been found to answer well and select one the farthest removed from a holiday. Many large concerns in England now pay their employees on Tuesday.

XXVIII.

HOW EMPLOYERS SHOULD TREAT THEIR EMPLOYEES

The relation between the employer and the employed is one of reciprocal and mutual dependence, and he who can, at all times, command the services of the best workmen in his trade has an advantage over all competitors who cannot. It is a patent fact to all observers that some employers always have good clerks, faithful apprentices and skilful journeymen ; while, it is equally notorious that others are always in trouble with, and constantly changing, their employers, generally to their disadvantage. The art of managing workmen and retaining the best, belongs to that class of talent of which diplomacy is a representative word, and there are comparatively few men among master mechanics and manufacturers who understand what Bacon has called the art of 'working' men,

that is, to know how to lead, persuade or govern them. As a general rule, *the secret of securing and retaining good workmen is prompt payment and kind treatment*; but there is also a magnetic attraction about some men that is more powerful than either money or kindness, making them to their workmen what Bonaparte was to his soldiers. In the absence of this attribute of genius, however, we may say that he who pays his employees promptly and manifests an interest in their welfare can at all times command the choice of the best and most steady workmen and retain all but those restless, cranky spirits who, though sometimes remarkable for skill, wander from place to place and shop to shop, never satisfied and never finding rest except in the poor house, or the grave.

Do every thing you can to make your employees comfortable and happy and try to make every one feel that he is a necessary part of the firm and that his interests and those of yours are indetical. Give words of approbation for well doing and not alone disapprobation for wrong doing. Do not be ungenerous and over-strict with those in your employ. Kindness goes further than harshness in securing good service.

XXIX.

SOME SIMPLE FACTS ABOUT INDUSTRIES

BY A. C. GHOSE, M.A.S. (Jap), M.R.A.S. (Lond).

*Formerly General Manager, Gopalkhera
Cigarette Co., Lucknow.*

(Reproduced from the Modern Review, December 1914).

THE difficulties of new industrial ventures are many and great and the want of proper appreciation of them has been the cause of many a thoughtless and unfair criticism from the public. We often hear it said that raw materials are abundant in India and labour cheap. Why is it, then, that our manufacturers are not able to produce their goods at a cheaper cost and market them at a cheaper price than foreign goods?

RAW MATERIALS.—Let us examine if the

raw materials and labour that make up the prime cost of a manufactured article are really plentiful and cheap. In a country like India, which is likened to a continent with its unlimited natural resources, one cannot say with certainty what could not be had. Raw materials then can be had in our country. There can be no gainsaying the fact. But then, do we get them in available conditions for our manufacturing purposes? If not, and if the cost of procuring them becomes prohibitive, a manufacturer does not gain a whit by the idle satisfaction that his country produces raw materials in abundance.

To illustrate, we take a concrete case—the **MATCH INDUSTRY**.

A manufacturing expert of matches is not expected to be a forest-ranger who would go over the hills and dales and forests in search of suitable woods for his match sticks. He has to depend for his supply upon the local agencies that deal in woods and timbers. He at first secures samples of wood recommended by Government authorities or other local expert bodies and goes on examining them. If he comes across any sample suitable for his purpose

he would naturally be inclined to get a supply of it; but, he would perhaps find, to his utter disappointment that the supply of the same could be had from the Himalayas at a prohibitive cost. A manufacturer has neither the control over railway freights nor has he always the power of producing raw materials in the immediate neighbourhood of his factory. He has got to put up with the existing conditions, unalterable and uncontrollable as they are. Railway rates are simply killing.

"The present competition with foreign imports is unequal, in as much as they can be shipped to the Indian ports over thousands of miles of seas at a lesser cost than that incurred by the inland trader in transporting indigenous goods over a few hundred miles of railway." (Presidential address of Mr. M. B. Dadabhoy, C. I. E. at the 7th Indian Industrial Conference held at Calcutta in 1911).

For its superior quality and cheapness of transport American cedar was being imported into Calcutta from the United States of America for use in a pencil factory in Bengal. Indian wood had been used for some time but was found unsuitable both as regards quality and price.

To return to matches. Poplar wood is

SOME SIMPLE FACTS ABOUT INDUSTRIES

generally used for match sticks. Mr. Troup—the Imperial Forest Economist—strongly recommends the Simul tree, which grows in natural abundance in the forests of Assam. Genwa is also a suitable wood. It has to be brought all the way from the Sundarbans. Match wood is to be brought to the factory in green state, not dry, and in round logs. It becomes extremely difficult at times,—sometimes impossible,—to get a continuous and steady supply of a particular quality of wood from one place. Different localities with utterly different geological strata are to be exploited for a supply. To maintain the uniformity of quality of the manufactured article, therefore, becomes difficult even with skilful manipulations of raw materials by an expert. Experience also shows that one cannot depend upon the merchants as to the time of delivery of the goods ordered. Failure to keep engagements on the part of suppliers of materials may land a factory in heavy loss. Instances are not wanting when factory doors had to be closed for a time for this kind of non-observance of contracts—hazarding the reputation of a going concern. To keep a large store of raw materials

for the consumption of a whole year would mean a capital outlay which factories with small capital can ill-afford. Besides, a great economic question is involved therein.

"If a merchant," says Wayland, "purchases a thousand dollars' worth of iron which he sells to-morrow, he charges for his labour and skill, and adds only the interest of one day upon his capital. If he must keep the iron for a whole year before he sells it he must also charge the interest of a whole year, or he will be the loser by his operation. If he sells his iron to-morrow, he may invest the same sum in iron and sell again fifty times in the course of the year and thus receive a profit fifty times a year upon the use of his skill and labour, while in the other case he receives this profit but once. Hence, when exchanges are rapid, he can afford to exchange at less rate for his labour and skill than when they are slow. And hence, brisk exchanges are for the benefit of both buyer and seller and a benefit to the one is benefit to all."

In Japan, match sticks and finished matches are not made in the same factory. There are several factories for the manufacture of match sticks only as also factories for finished matches. The two are never combined. Match boxes are made by hand at the houses of people of poor means where the female members make them at their leisure hours, thus earning a pretty good income by staying at home. While

walking through the streets of Kobe and Osaka one seldom fails to be struck with the heaps of match boxes put up in the sun before their doors for drying. This is how cottage industries are developed. But the conditions are different in our country. We shall have to combine all the principal—though different—branches of one industry into a pretty big establishment from the very start. The cost of production of the manufactured articles would be increased in consequence. The requirements of a specified part of an article being small in the factory itself—it could not be produced in small quantities as economically as it would otherwise have been done. The manufactured products of one (as for instance, match sticks) become the raw materials of another industry (finished matches). Industries are said to be interdependent. It is a matter of common knowledge and of universal experience that small scale production, as a rule, increases the cost of production. The size of the concern is an important factor needing to be taken into account.

When many factories of a particular industry will spring up in a particular centre, there will be a steady and continuous demand for

an appreciably large quantity of raw and accessory materials. Then, of course, the (timber) merchants would find it to their advantage and profit to keep a large stock to meet the demands; we would then expect to get them at a comparatively cheap cost and at stated intervals of time. The disadvantages that confront us to-day would disappear in time if we could patiently wait. Industries cannot be built in a day.

LABOUR.—Is Indian labour cheap? No. Factory labour, I may say from some personal knowledge, is very dear indeed. Cheap labour is a relative term. It is cheap or dear in as much as it is efficient or otherwise, skilled or unskilled. We may have to pay a labourer two annas a day whereas in an industrially advanced cauntry a man has to be paid 8 annas. But the latter man does at least four times as much work as his Indian compeer. "One rather interesting observation of Mr. Ramsay MacDonald is that which he discovered at Bombay. He found complaints that the factory Act was not properly administered, and he was told by an English Manager that they had to pay more per loom for labour in Bombay than they did in Lancashire. There is great scarcity of labour,

wages would continue to rise'. This latter fact is no doubt true, but a girl in Lancashire will do as much as four men in Bombay. So the idea that India lives on cheap sweated labour is thus dissipated for the benefit of Lancashire. Labour is not plentiful and cheap in India, all things considered." (Indian Daily News 20th February, 1914). The Hon'ble Mr. M. B. Dadabhoy in his Presidential Address at the Indian Industrial Conference also remarked :—

"India is still supposed to be the land of cheap and plentiful labour. Modern conditions prove the unsoundness of both the theories. Labour is in point of fact neither cheap nor sufficient in India. It is getting scarce every day and all industries suffer more or less from want of a regular and copious supply. Wages are apparently low, but judged by its efficiency and productive capacity, Indian labour is really very dear. The Indian labourer has a weak physique, is incapable from habit as much as from want of stamina of sustained effort and is devoid of a sense of duty and responsibility.

Many may be inclined to say and I have found proprietors of factories actually arguing with me that when labour is plentiful (?) here, four men may be employed with a total wage expense of annas eight a day instead of one skilled hand with eight annas a day—thus

counterbalancing their inefficiency. Probably lay men will all agree with him in the view. True, there is no apparent loss in wages. But the loss in the indirect expenses would be enormous. How ?—For work requiring manual labour, tools, implements, &c., are to be supplied from the factory. Each labourer has to be given one set of tools to work with, a stool to sit on, a little space in a table to work upon, a place to put in his finished or partly finished product and so forth. For four unskilled hands the above items have to be quadrupled. To quadruple them means an increase in their first cost as also the cost of their repairs and renewals. Increase of benches and tables would mean, besides the expenses of their first cost, an increase in space. Increased space tells upon the rental, the cost of supervision and lighting. Employment of four unskilled hands for a skilled one, the wage bill remaining the same, necessitates an increase in office expenses and stationery. Wastefulness of materials and carelessness in handling tools and machines are common faults of an unskilled workman. The get-up will be clumsy and unattractive, making the products second class.

Again, for work requiring delicate touch of fingers, as in filling up match stick in boxes, putting in cigarettes in packets, &c., female labourers are particularly more suitable than male. It is indeed a treat to see the girls at work in factories outside India. The movements of their fingers are too swift to be followed by an on-looker. In cigarette factories in Japan young girls do the work of packing. They never count the cigarettes while filling up. By the mere touch of their left hands they understand the real number (10 cigarettes), any increase or decrease may be at once felt by touch. An automatic American cigarette packing machine was once given a trial in a cigarette factory of the Imperial Government Tobacco Monopoly Bureau of Japan with the result that it was not found more economical than their female hand labour—such was the rapidity of their work !

Owing to our social conditions we cannot expect to have an adequate supply of female labour for factory work on this side of Bengal. We have sometimes to work with an extremely changeable set of employees. A manufacturer considers himself fortunate if he finds a stable body of workers. Sometimes skilled labourers,

men and women, had to be requisitioned from the Madras and Bombay Presidencies to work in the mills and factories of Bengal. This labour difficulty may partly be overcome by the introduction of labour saving machines and appliances. There the balance sheet is determined more by the skill of the management than by the quality of the manual labour employed. Here, besides the question of a big capital outlay, economists might question the advisability and usefulness of supplanting the Indian labour force by machinery.

SWADESHI MATCHES—THEIR LABELS CRITICISED. The Bande Mataram Match factory was started in Calcutta in 1907 by Dr. Rash Behari Ghosh and Babu Sailendranath Mitra, son of the late Dr. Trailokya Nath Mitra. The expert and manager was Mr. P. C. Roy, a scholar of the Association for the Advancement of Scientific and Industrial Education of Indians who had received his special training in Japan, Germany and England. The matches turned out in this factory could stand comparison in quality with the first class Swedish, Austrian or Japanese matches and they compared favourably in price. But Bande Mataram Matches were seldom to be found in the retail shops.

One reason for their difficulty in pushing the matches through the markets was assigned to be their one-coloured printed labels on boxes. Foreign matches are printed with 4 or 5 coloured Ravi Varma pictures and are, therefore, attractive and appealing to the eyes. Demands of the trade are, of course, to be consulted if a manufacturer wants to capture the market. But then, the fact should be borne in mind by the patriotic consuming public that the art printing industry is not a part of the match industry—they are not allied. A small factory has to depend entirely upon a colour printing establishment for its labels. That industry not being highly specialised yet in India—though it has been fast developing and has improved a good deal in these few years—it cannot at the present time turn out work of a superior quality at a cheap price. For labels, a rate per unit is charged for one coloured printing. A separate impression is required for each colour used. As many different impressions would be necessary as there are colours. The prices vary accordingly. The same could be got done in England or Germany at a much cheaper rate. If our manufacturers are to look to the outside

world for their supplies of labels, printed packets &c., then so much money (representing their value) would be snatched away from the newly established art printing firms of our country, rendering them poorer. Users of labels are forced for their own safety to withdraw their support and patronage from a new and perhaps struggling industry of their own country. The fate of one industry is closely bound up with that of another.

During my connection with some cigarette factories in India we had to import cigarette packets from abroad. The Swadeshi cry did not help us in marketing our goods with locally printed, less attractive packets—except for cheaper brands. Two entirely different sets of people, the label printers and the manufacturers of packets, were thus injured. Their profits from transactions with us had gone outside the country to swell the pockets of others. But there is a great economic disadvantage also in importing packets from outside. A manufacturer has to stock a large supply of imported goods thus locking up capital which could have given many quick returns during the year if it were found available in a liquid state. This disadvantage

is greatly intensified if a particular brand be not favourably received in the market. That brand has to be discontinued and replaced by a more popular one. Thus a quantity of imported packets may have to be discarded as dead stock involving a heavy loss to the factory.

STARTING FACTORIES WITH INSUFFICIENT CAPITAL.

Capital is the great need of our industries. More often than not, we start a factory for the sake of starting an industry without having due regard to the capital investment that would require to make it a commercial success. Paper profits are easy to show and one learns in the hard school of experience that "all that glitters is not gold." It is a bad and ruinous economy to put in old and effete machinery that would inevitably make the product second class, with the idea of replacing them afterwards. If it is not possible to get together sufficient capital for an industrial undertaking to run it at a profit—we should rather desist from launching it. To run a factory 3 or 4 years and then to close it for want of funds (as is very frequently seen in the case of Swadeshi industries) does more mischief to the cause than otherwise. One must go in for

up-to-date machinery at the start and then go on adding capital little by little for small improvements here and there. If one industry can stand it will help the growth in the locality of several cottage industries as subsidiary or feeder industries to that one big industry. To raise capital our big people ought not to lend the support of their names to any industrial concern where they will not be able to exert an indirect influence at least, if not direct, on the management.

MANAGEMENT.—Economy in management is an essential condition for success. To ensure maximum efficiency from the factory staff provision ought to be made for the security and continuity of their office for a sufficiently long period of time so that they may feel the business their own and may take a deep personal interest in the concern and apply their best intelligence and energy to it. A manager and expert must always be given a free hand in the internal management of the factory having a full control over the subordinate staff and labour forces. Unnecessary interference by an inexperienced body of men in power often very seriously hampers the progress in factory work. In this con-

nection I feel tempted to narrate an incident which will be found amusing and self-explanatory. A Director of a Technical Institution in Bengal is reported to have exclaimed in a meeting of the Board of Directors when the Principal of the Institution—a very highly qualified Indian who had received his education in Germany after obtaining the highest degrees in an Indian University, proposed to get an Amperemeter and a Voltameter for the use of the school, that the funds of the Institution would not permit them to go in for those two costly German books! “Where ignorance is bliss, it is folly to be wise.”

A Managing Director's office must not be honorary and must always be held by one having real business acumen. Half-hearted attention is detrimental to the vital interests of a concern. It is a questionable economy to make one a Managing Director who is a practising lawyer or Doctor. The greater his professional practice—the greater must be his disqualification.

RELATIONSHIP BETWEEN AN EXPERT AND AN EMPLOYER.—There is always a spirit of distrust at work between the employer and his expert. An employer is ever anxious to

to be in possession of the secrets of manufacture and as soon as he is in possession of them he will, in 99 cases out of 100, try to economise his factory expenses by eliminating the most useful man in the factory,—the expert,—to whom probably the whole of the success of his factory was due! If the expert tries to keep to himself his trade secret,—friction is bound to follow. How zealously trade secrets are guarded by people of the outside world will appear clear from the following copy of a letter from Sir Pelhan Warren, British Consul General at Shanghai, to His Excellency The Right Honorable Sir Claude MacDonald, G. C. M. G., G. C. V. O., K. C. B., His Britannic Majesty's Ambassador at Tokyo, Japan. :—

H. B. M. CONSULATE-GENERAL, SHANGHAI.

10th February, 1909.

Sir,

I conveyed to the Chairman and General Manager of the British Cigarette Company the request contained in your despatch of the 30th ultimo that Mr. A. C. Ghose be allowed to enter their factory at this port for a short period to study its workings.

In reply the Chairman informs me that he is unable to extend to Mr. Ghose the privilege suggested. His company, he stated, has consistently refused such requests

in the past and would regard any diviation from this inflexible rule as a dangerous precedent. It is, however, with deep regret that he finds himself obliged to refuse the courtesy suggested by you.

I have, &c.,

(SD) PELHAN WARREN

Consul-General

But our countrymen will want to know everything from an expert without any permium ! This spirit of antagonism and distrust is sometimes carried so far that Factory-managers and Experts who are supposed to be responsible for keeping down the cost of mauufactured products are not even allowed to know the cost price of raw materials, nor are their opinions consulted as to their quality before their purchase. When a factory comes to grief the whole country is up in arms against the poor defenceless expert !

In factory management, time seems to be of little consideration with the inexperienced controllers of labour. Time is money. One hour lost each day by one labourer would be 300 hours (in round numbers) in a year. Hundreds of men are sometimes employed in a well organised factory. Now consider the loss in money value. Over and above the loss in actual wages, there will be attendant losses in establish-

ment expense, lighting, rental, interest on capital and so forth, if the time element is left out of consideration.

LOCATION OF A FACTORY—Expert opinion is seldom consulted or respected as to the suitability, or otherwise, of the sites selected for the location of a factory. The whims and hobbies of proprietors and organisers often determine it.

DISTRIBUTION OF MANUFACTURED ARTICLES:—Marketing the goods present greater difficulties than their manufacture. Wholesale dealers often take undue advantage of the weakness of new industrial concerns. The rates of commission demanded by them are exorbitant. The manufacturer's profit, therefore, is cut down very low. Rival firms are also sinners in offering high commissions. Referring to soap factories, in his Industrial Survey of E. B. and Assam, Mr. J. N. Gupta, M. A., I. C. S., remarks :

“The commission system of these factories is simply suicidal. In order to monopolise the whole market to itself, each factory vies with its rival in allowing the highest rate of commission to its agent, which reaches 30 to 35 per cent. of the cost price. The practice unreasonably raises the market price of these soaps without benefiting the manufacturers. For instance, the cost price of a box of Daffodils comes to only about 9 annas

but on account of the high rate of commission, it has to be sold at 15 annas per box. All the profits go to swell the pockets of the agents. It is not only a source of loss to the firm individually but it is detrimental to the cause of this nascent industry. If this state of things continues, country-made soaps cannot hope to compete long with foreign soaps. Dr. N. Sarkar, who owns the National Soap Factory and who takes such great interest in the industrial progress of the country, also complained to me of similar unscrupulous competition on the part of some of the Calcutta firms. The only solution of this difficulty lies with the manufacturers themselves. There should be something like a trade union amongst them which should fix the rate of commission allowable to agents and other business details."

In January 1910, at the initiative of Rai Jogendrachandra Ghosh Bahadur and under the auspices of the Association for the Advancement of Scientific and Industrial Education of Indians, an Association was started with the manufacturers of Bengal under the style and name of—"The Manufacturers' Association of Bengal"—to form a sort of guild amongst them with a view to control and check the unjust demands of the middlemen. The Hon'ble Maharaja Bahadur of Nashipur presided over the deliberations at the inaugural meeting held at the Albert Hall, Calcutta. I had the proud pri-

vilage of being one of the Secretaries of the newly started association. The manufacturers evinced a good deal of interest in joining hands to form a compact body. One capitalist, however, when approached, remarked that he had no faith in combination amongst our manufacturers. He was a believer, he said, in the survival of the fittest. Within a few days of the establishment of the association—a similar association was sought to be started with the same avowed object of safeguarding the interest of the manufacturers. Its first meeting, and probably it was the last, was presided over by our veteran leader the Hon'ble Babu Surendra Nath Banarjee ! For want of co-operation both the Associations shared the same fate.

SALES ON CREDIT.—Things cannot be sold on cash as soon as manufactured. Credit has to be allowed. But long time credit sales can not be resorted to by manufacturers with small capital. If a manufacturer sticks to the principle of selling on cash he will perhaps find no middleman to handle his goods. Profits come of selling, not of making. When no credit is allowed, unscrupulous dealers sometimes tell the customers, when asked for a certain

article, *wa hi mal bazar me nahi chalta*, "that thing does not sell in the market."

ADVERTISEMENT.—Judicious advertising is necessary in introducing and keeping the wares before the public. Half the success of a business concern depends upon good advertising. But its value is very imperfectly understood by the present-day proprietors of factories. A proprietor of a factory when asked to advertise replied, *advertisement se kya hoga*, what's the good of advertising? Very few people outside a local limit know that Swadeshi matches are manufactured in the country and that in Calcutta!

UNFAIR COMPETITION,—Fair competition exerts a powerful and healthy influence on production. But unfair and unequal competition as is experienced in the case of large capitalistic organisations is a real stumbling block to the growth of new industrial ventures with small capital.

The following are some of the methods of competition pursued by big capitalistic organisations—such as the TRUST :—

(1) Underselling a single competitor in his own limited market, while sustaining prices elsewhere.

(2) Offering special rebates to jobbers for agreeing to handle Trust goods exclusively, or, boycotting independent brands.

(3) Selling articles at less than cost price to cripple a competitor.

(4) Sometimes distributing free, or selling at reduced prices, popular imitation brands in order to injure competitors even at the risk of incurring damages for legal infringement.

(5) Increasing the price of raw materials in order to make business unprofitable to small manufacturers.

ONE-MAN-SHOW.—Our industries are, in general, practically one-man-shows. Our countrymen expect a manufacturing Expert to be an Engineer, Chemist, Mechanic, Accountant, Manager, Supervisor of building works, Advertising Superintendent, Purchaser of raw and accessory materials, Travelling agent, Canvasser for distribution of goods, &c., and what not ; in a word, all in himself. To combine the function of a Factory Manager (Manufacturing-side) and Business Manager (commercial-side) in one person is regarded as unsound economy. The profits of the establishment depend in a high degree upon the commercial

skill of the firm in buying raw material and selling the product. Division of labour and division of responsibilities are questions of fundamental economy which cannot be ignored in the management of manufacturing concerns.

RAILWAY FREIGHTS.—I am told that there is an India Government resolution to the effect that no preferential rates are to be allowed by a Railway Company to any industrial concern. How is it then, that one finds the freights of leaf tobacco from the Guntur District in the Madras Presidency to Monghyr (where the huge factory of the Imperial Tobacco company of India Limited is located) much lower than those charged for the same commodity from Guntur to Kiul, or Jamalpur? The discrepancy may be explained away by saying that owing to a heavy traffic in leaf tobacco the Railway companies concerned have found it profitable to fix terminal rates for Guntur and Monghyr.

CAUSES OF FAILURE.—To sum up: *Want*—of suitable raw materials in available condition—of cheap, skilled and efficient labour—of stability in the labour force—of sufficiency of capital—of experience—of expert knowledge—of the knowledge of market conditions—of control over

distribution of goods—of economical management—of cheap accessory materials—of proper advertisement—of combination and organisation—of energy—of honesty and sincerity of purpose—of staying powers and of “stick-to-it-iveness,” as it is called, and above all, of Protection in an infant stage—are the factors that go to make up the causes of failure.

CONCLUSION.—Should failures at this stage deter us from undertaking new ventures? No. Every disappointment and failure should be a spur to greater effort. We have been gaining in experience and this is our national asset. Experience has to be bought, or got, before we can hope to stand on a firm footing. The industrial history of more advanced countries speaks in our favour. Mr. Andrew Carnegie writes:—

“Do you know that out of every hundred that attempt business upon their own account statistics are said to show that ninety-five, sooner or later, fail? I know that from my own experience.”—(Carnegie on “Wealth and its Uses.”)

Mr. N. P. Gilman in the introduction to his admirable work—“Profit-sharing between Employer and Employee” says:—

"The business man reminds us of the enormous number of failures in trade and commerce, placing the proportion as high as ninety or ninety-five per cent. of all who set up for themselves. (As a French writer puts it, ten out of a hundred succeed, fifty "vegetate," and forty go into bankruptcy)".

The Tata Iron Works at Kalimati was not able to declare any dividend for seven years. Its shareholders did not murmur. They are not running away from the field in despair.

In 1908 there were over 14000 failures in America alone. The following is taken from the American Machinist :—

"A report of the causes of failures in business undertakings recently published by Bradstreet's gives some interesting particulars from which it is noted that in the year 1908 there were 14,044 failures, which is an increase of more than 35 per cent. over the previous year. Analysing the causes of such failures it has been found that each thousand was accounted for as follows :—Lack of capital 342: incompetence 216: disaster, &c., 189: fraud 115: inexperience 40: neglect 22: faulty credits 20: bankruptcy of others 18: competition 18: extravagance 10: and speculation 10."

To make our industries stand we have got to compete with the industrial giants of the world who have attained to a certain state of perfection in many things after long and costly

trials and the experience of centuries. Our infant industries cannot thrive and hold their own if there be not some sort of protection. Let us not think of the Government protection for the present. Can we not make—each one of us—a little sacrifice for our industrial cause? Are we not prepared to put a self-imposed duty on ourselves for sometime in the shape of purchasing a Swadeshi article, though it might cost us a little higher in the beginning and even if it be found not quite as attractive in appearance as foreign-made ones? Of course, nobody can artificially keep up an industry for long. Rear up your country's industry for some little time and let it stand once and I can assure you that you will get the first-class articles with a first-class finish at a much cheaper price at your own door.

[Circumstances have changed since the above was written and some modifications might be deemed necessary here and there in the light of the present-day conditions—Ed.]

PART IV.

Agriculture

XXVIII.

HISTORY OF AGRICULTURE

Agriculture is the most natural, most healthful, and should be the most satisfactory employment of man. If it is not so, it is more his fault than his misfortune. Franklin says,—"The best way for a nation to acquire wealth is by agriculture, the only honest way wherein a man receives a real increase of the seed thrown into the ground in a kind of continued miracle wrought by the hand of God in his favour as a reward for his innocent life and his virtuous industry." Learned men in all ages,

philosophers, statesmen, orators have done themselves honour by laying their good-will offerings on the altars of agriculture. It is enough to know that it is the heaven-appointed employment of mankind. Farming is the destined occupation of all men at birth, and he who forsakes it for other pursuits must show substantial reasons for the departure to entitle him to encouragement. Agriculture calls manufactures into existence, and manufactures support agriculture. Both are inseparable; and the combination, the integration of both, brings about the grandest results.

There is no history more provokingly meagre than that of Agriculture. Taking the Mosaic story as authentic, it would seem that the first human pair lived upon fruits. Afterwards, as the number multiplied, a portion found subsistence from the increase of flocks, and another, and probably a larger portion, from the products of the soil. There is no mention of the cereals before the Flood, and no allusion to farm implements, and although we have reason to believe that in many respects the ante-diluvian world was considerably advanced in general civilisation, there is little reason for believing that

they practised other than the most simple modes in all their agricultural operations. After the Flood, there is no mention of Agriculture for five hundred years, when it is recorded that "Isac sowed in that land and received in the same year a hundred-fold, and the Lord blessed him."

XXIX.

GENERAL PRINCIPLES UNDERLYING SUCCESS IN AGRICULTURE

In the preceding pages we have considered the necessity of *knowing at certain specified seasons exactly how we stand* and during these periods making an exact and definite record of every business transaction. This places farming on a business footing, where it must be, whenever and wherever successfully conducted. Next comes what we will call—*plan*. A large proportion of farmers never give careful thought as to how they shall conduct their business to make it pay. They intend to “live and bring the year round,” plant and sow about as many acres as their fathers did, and if a good season or some other fortuitious circumstance leaves them at the year’s end a balance of a few dol-

lars, it is not commonly owing to any calculation of theirs but to mere chance.

No man can hope to be successful in acquiring a competence in this age of the world who does not make that a subject of thought. Little but poverty comes without being sought. At the commencement of each year, therefore, every farmer should *plan* to make his farming yield him a certain and definite income.

There is something almost magical in having an object in view. The highest and grandest of all human endeavours is inspired and sustained by having a *definite aim*. So the man who says in his heart, "I will clear five hundred dollars on this farm this year", does it, while his neighbour, equally favourably situated but without plan lessens his estate by the year's operations instead of increasing it. It is best so far as possible subject, of course, to unforeseen contingencies and states of the market, to apportion the amount among the several departments of the farm—wheat, so much ; corn, so much ; sheep, so much ; or, with a larger variety of products, so much from potatoes, poultry, fruit, dairy &c., &c.

Next after definite aim, comes *muscle*. The

old couplet of Ben Franklin is as true now as ever :—

“He that by the plough would thrive,
Must either hold the plough, or drive.”

For the highest efficiency, every farmer should make it a point to spend the first part and the last part of the day with his workmen and as much of the intervening time as is compatible with his outside business. A day's work well begun is a day's work well done in nine cases out of ten and it is always a sharpener of the activities of any hired man to know that his employer will take note of his progress almost every hour.

XXX.

ECONOMY AND PRUDENCE IN FARMING

After plan and foresight, comes *economy*, and economy in its application to husbandry has an all-embracing significance. It not only includes *prudent management*—care of little things—but when the end justifies the means *the most liberal outlay*.

In large manufacturing establishments, five minutes saved of the daily time of each employee's labour by plan and system without any corresponding increase of pay, makes profit on a year's business, when otherwise, there would be a loss ; and so, in the business of farming, an hour or two saved each day, makes in a life time of average length, the difference between a poor man and a rich one. *Consider that one hour lost each day would be three hundred hours*

(in round numbers) a year. Each hour should be worth at least ten cents—thirty dollars a year lost—which, could it have been saved and put at interest with a like sum each year for thirty years, would amount at seven per cent. compound interest to nearly three thousand dollars, and if continued twenty years longer, to nearly ten thousand. It, therefore, makes a vast difference whether when one job is done another is ready; whether half the farm is travelled over each day to do work in half-a-dozen places when the labour should be all expended in one; in short, whether or not time is estimated at its just value, or not estimated at all. Further than this, prudent management involves a knowledge of much that appertains to the growth of plants, their structure and food. Each requires different treatment and different soil and a general understanding of the nature of what you design to raise and the elements in the soil where you propose to raise it, and therefore the adaptation or non-adaptation of each to the other is of vast consequence.

So with reference to animals. Some knowledge of what enters into their growth, the kind of food best fitted for making milk, or fat, or

bone, or muscle, as the case may be, enables a man to feed his stock with what is needed to secure the end proposed.

So also in the domain of manufacturing upon the farm,—turning the product of cows into marketable form, the principles that underlie the making of the best butter and the most of it, or the best cheese and the most of it, from any given quantity of milk, are absolutely essential. A competent dairy-man will make anywhere from fifteen to thirty-five per cent. more butter from a given number of cows simply by intelligent, scientific manipulation of the milk and cream than one who is incompetent. *Law of concentration*, therefore, should be carefully studied. A farmer should learn how to concentrate his crops on the best paying articles. His study should be how to transform the raw products of his farm into some one or a few things that will bring him more money. What he raises must go to some market. By concentrating it, less freight will have to be paid and thus much will be saved. A farm is not only a farm, it is, or should be, a factory for changing the products into articles of general consumption that have a commercial value the world over.

Higher than this, *prudent management* means thought as to what crop is best to raise to meet probable demands and thus secure, for what we have to sell, the highest price. If any product is a drug during any given year it will be sure to be in demand the next, other things being equal, for reason that a large proportion of those producing it will abandon the culture of what cost them more than it will sell for, leaving the wise in these matters to reap the benefit of a bare and therefore a paying market.

XXXI.

CARE OF LITTLE THINGS

Next, after prudent management in farming, comes—care of little things. By this is meant not only watching our business but also watching our farms, being constantly careful lest something occurs that will involve the loss of a part or the whole of the year's profits.

As an illustration : Several years ago a farmer in America planted a half-acre of early sweet corn expecting to realize at least one hundred dollars from its sale. When within a week of maturity one of a herd of twelve cattle displaced a bar which instead of being firmly thrust into the hole in the post had been but just caught on its margin, letting in the whole herd to spend a long Saturday forenoon in the small but valuable enclosure while the owner was in an adjacent city arranging to supply half-a-dozen vege-

table stands with his early and delectable product. It scarcely need be said that that was one of the cases where there was "a slip between the cup and the lip".

It is safe to say that by carelessness, or inattention, to this or a similar sort, or over-feeding, or improperly feeding animals at particular periods, failing to protect tools from the weather, to replace missing shingles on the roof of the barn or house, in short, failure to secure the thousand little advantages and stop the thousand little leaks, involves the loss of hundreds and perhaps thousands of dollars in every ten years of a careless farmer's life and makes the difference between honest success and foolish failure.

Passing from prudent management to economy it may be said that *economy in agriculture sometimes means the most liberal outlay*. It is always economy to buy the best stock and the best tools at any reasonable cost. Stinting in feeding animals is, saving at the spigot and losing at the bung. The best possible cultivation is the most economical cultivation. Economy means in nine cases out of ten a small farm well cultivated and not a large one half waste.

The world is familiar with the story of the old Roman who was the father of two daughters and owned a small vine yard. Upon the marriage of the first, for lack of other dowry he gave her one-half of his vine yard, bestowing the same labour thereafter on the other half without any diminution of products. When the second daughter, according to the custom of the country, brought home another son-in-law, the father gave her as her portion one-half of the remainder and found, to his surprise, that he raised more upon the remaining one-fourth than he had formerly upon the whole.

There is too great a tendency among our youngmen to leave the farm and workshop of the country for what they think the more honourable vocations of cities, or the supposed ease and glory of professional life. It is a mistake, for it often leads to failures and failures lead to vices. The successful farmer or mechanic is none the less honourable and useful than a successful lawyer or a doctor, and how incalculably greater than he who fails in his profession.

The farm is a little world ruled over by the owner and if his affairs are properly conducted he is the most independent man.

PART V.

General

XXXIV.

PARTNERSHIP AND THE JOINT-STOCK COMPANY

A Partnership is a voluntary association of two or more persons for purposes of trade with a view to profit. It is a *full liability company* in which each partner is individually liable to the creditors of the company for the whole amount of its liabilities. Whatever may be the arrangements among the partners themselves as to the division of profits and losses and the relative amount of capital advanced by each, a partner could be compelled to pay the entire indebtedness of the company if the amount

could not be recovered from the partners generally.

By the Partnership Act of 1890 (English Act), it is provided that "Every one who by words, spoken or written, or by conduct represents himself, or who knowingly suffers himself to be represented, as a partner in a particular firm, is liable as a partner to any one who has, on the faith of any such representation, given credit to the firm, whether the representation has or has not been made or communicated to the person so giving credit by or with the knowledge of the apparent partner making the representation or suffering it to be made."

When one person advances capital and another furnishes his services, knowledge and skill in carrying on a business and is to share in its profits, it constitutes a partnership.

"The trust reposed in co-partners," says a well-known commercial lawyer, "notwithstanding all precautions, is wholly indefinite and unlimited. And when one thinks of forming a connection of co-partnership with another, he should ask himself if he is willing to trust him with the power to ruin him ; for such, and no less, it is. He will, therefore, be careful to

consider, not only his business capacity as a man of shrewdness, of skill, of experience, but will need to look into his social and moral qualities. Is he a man of good temper, with whom difficulties will not likely to occur? Is he placable, one who will not lay up the memory of an accidental slight, of a heated expression, or of an unreasonable wrong, which you have done everything in your power to redress? Is he a man keen in the pursuit of his own interest? Will he listen to any candid views averse to his own? Will he, in a difference between you, be willing to unite with you in consulting mutual friends as mediators? Are you sure of his principles? Do you know his associates? All these are questions, not merely of taste and curiosity, but entering into the very essence of your decision as to a partner.

The liability of a partner commences as soon as he becomes a member of the firm, but no liability attaches to a new partner for its debts previously contracted. When he retires, his liability as to all subsequent debts ceases if due notice of retirement is given to the public by advertisement in the newspapers. But in the case of those with whom the firm

had direct dealings, express notice, by circulars or otherwise, must be given. Similarly, when a partnership is dissolved, by consent or otherwise, due notice of dissolution should be given to the public by advertisements or circulars, but express notice must given to those who have had direct dealings with the firm. *The private property of a partner is liable for the payment of the partnership debts, so far as they are unpaid, subject to the prior payment of his private debts.*

To guard against the pitfalls of partnership business the articles of co-partnership should be carefully drawn up, detailing all informations regarding the commencement and the intended duration of the partnership, the nature of the business to be conducted, the proportion of capital to be brought in, the division of profits and losses, whether interest on capital is to be charged, the drawings of partners for their private use, the disposition of the partnership property and the good-will in the event of dissolution and so forth.

JOINT-STOCK COMPANY.

A Joint-stock company is “an association of individuals for purposes of profit, possessing

a common capital contributed by the members composing it, such capital being commonly divided into *shares*, of which each possesses one or more, and which are transferable by the owner”.

Unlike partnership, the liability of each shareholder is limited to the nominal amount of the shares held by each. If the capital is once fully *paid-up*, no further pecuniary liability attaches itself to any member. In case of necessity, a creditor can proceed against the property of the company and each individual member can be made liable for only the *un-called* portion of his share capital and nothing more. Since the liability of the shareholders is limited it is also called a *Limited (liability) company*.

XXXV.

OFFER AND ACCEPTANCE

1. Where by the terms of an offer it is incumbent upon the buyer to express dissent, or wherever his acts afford presumption of assent, his acceptance will be implied.

2. Where a verbal offer or proposal of sale is made without any agreement in respect of the time within which it must be accepted, it should be accepted on the spot, or, the person making the offer will not ordinarily be bound. Yet, if the circumstances of the case, or the custom of trade, or, the conduct of the parties indicate that a reasonable time is to be allowed during which the proposal may be accepted, an assent given within a reasonable time will complete the contract unless previously retracted.

3. If you have taken an article on trial for a time and intend to return it, do so before the

time allotted has elapsed ; and where no time has been fixed, within a reasonable time, or, the bargain will become complete and you will be liable for the price of the article.

4. When an offer which you deem advantageous and intend to accept is made to you by letter, do not delay in mailing the letter of acceptance, for the seller has the privilege of retracting or modifying his offer at any time before you deposit the letter of acceptance in the post office. The contract is closed as soon as the letter, properly addressed, accepting the offer, is deposited in the post office, though it may never reach its destination, unless an intimation of retraction has been previously received. But if you make an offer by letter and subsequently write a letter retracting your previous offer before the party mails his letter of acceptance, it has been held that you will be bound to indemnify him for any loss, expense, or damage he may have sustained by relying upon the contract as if completed. This is in accordance with the rule that where one of two innocent persons must suffer he who caused the injury should bear the loss. In making an offer by letter it is advisable to state that you will not

consider yourself bound if notice of acceptance is not received at or before a certain time named.

5. If you order goods and they are forwarded before your letter of retraction is written you are bound for the price, and if they are destroyed, you must bear the loss. And if they are forwarded after the retraction is written but before it is received, you are bound either to adhere to your original proposition or indemnify the party for his loss or trouble. If you die or become insane and the person of whom they are ordered, being ignorant of the fact, forward the goods, your representative must pay.

6. If a proposal of sale be clogged with conditions or limitations, your acceptance must correspond to it exactly, or, it will not be binding. An acceptance which varies the terms of an offer is simply a new proposition. Thus, in an action for the non-delivery of barley where it was proved that the defendants wrote to the plaintiffs offering them a certain quantity of "good" barley upon certain terms to which the plaintiffs answered, after quoting the defendants' letter, as follows: "which offer we accept expecting you will give us *fine* barley and full weight". The defendants, in reply, stated that

their letter contained no such expression as *fine* barley and declined to ship the same. The jury having found that there was a distinction in the trade between "good" and "fine" barley the court held that there was not a sufficient acceptance.

7. If goods have been sent you of a different quality or quantity from that ordered, you are not bound to accept them, or, if you ordered a certain number, or measure, or quantity, you are not bound to take them, or any part of them, unless all are furnished on the terms agreed upon; but, if you accept a part, you will be prohibited from saying the contract was entire and you must accept and pay for as many as are individually furnished according to the contract.

Where ambiguity of expression in an order is the cause of misapprehension and mistake, the loss must be borne by the person who gave the order.

8. When goods not corresponding to your order have been sent by mistake and you see it proper to keep them, you should give notice to the person who sent them that they do not correspond with the order, and then you will

only be liable for their actual worth. But if you determine not to keep them, it is your duty to notify the consigner of the fact and that you await his orders. If special order be forwarded they must be strictly observed ; if no orders be sent, you may proceed to sell the goods at public auction and charge warehouse rent, expenses &c. If the goods are perishable you must sell them immediately and then give notice that you hold the proceeds subject to his order.

9. Lastly, it is the duty of the buyer to pay the price agreed upon and, in the absence of any agreement as to delivery, to accept the goods at the place of sale and take them away. If no price has been fixed upon, the law presumes that the market value of the goods at the time they were sold was the price intended. If the goods are to be paid for by bill, or note, it is your duty as buyer to tender one before you are entitled to possession, and, if by an approved bill or note, you must tender one to which no reasonable objection can be made. In rare instances, buyers have obtained possession of goods before tendering a note upon a promise to call subsequently and settle, and then refuse to do so, but courts have decided

that no property passes by such delivery and that the seller may recover possession.

When goods have perished provided the seller has performed his part of the contract, it is the duty of the buyer to pay the price agreed upon together with all the reasonable expenses incurred in keeping them until delivery.

XXXVI.

HINTS ON BUSINESS LETTERS

The correspondence is the pulse of every business. The impression made by a firm upon strangers depends in a great measure upon the accuracy and neatness of its correspondence. When we receive a business letter ill-composed, without arrangement and carelessly folded, we are prejudiced against the writer, to say the least of it, even though the orders it contains appear to be profitable.

The first thing that should be observed in business letters is, that they should be concise in form, clear in expression and to the point. In the choice of words, let the paramount consideration be exactness, that is, seek to say precisely what the thought requires, neither more nor less. Avoid stock phrases and long

words. Put life and action into your correspondence. Be original. But beware of *fine writing*. By *fine writing* is meant the use of pretentious terms for trivial ideas.

"A good business letter", says an American writer, "is one which does business. No matter how neatly or correctly written, if it fails in its object, it is a poor letter. The traveller who fails to sell goods is a poor traveller, no matter how business-like his address, or how smart his dress".

"Every letter-writer should dictate as he would talk, should put into his letters the same enthusiasm, the same intensity, the same earnestness and sincerity he would inject into a personal appeal—if the customer were at his elbow, listening to his every word. That's the foremost principle in scientific letter-writing."

The business psychologist tells us that every man is interested in his own troubles. Talk about a customer's needs or difficulties and you will immediately get his attention. Talk about yourself and he stops up his ears. This is the A-B-C principle of psychology.

When perplexing and provoking matters arise in the correspondence of a business house,

a judicious correspondent will be constantly on his guard lest he writes something in haste, and perhaps in anger, that he would afterwards deeply regret. It is wise to consider carefully and deliberately. When constrained to write severe things, the letter should be permitted to lie over-night for review before mailing. If this is done, it is probable that the character of the letter will be changed radically, or perhaps it will remain unwritten. Many letters which would seem ample provocation for a sharp reply had better go unanswered. This advice is especially commended to those seeking trade. Kind words make and hold friends, while hasty and vindictive words alienate friends and business. Discourtesy in correspondence is just as fatal as discourtesy in speech, more so, when it is considered that the written thought is permanent.

One of the points which sometimes even accomplished penmen neglect is *Punctuation*. The value of this is illustrated by the following item of practical experience:—

A merchant in U.S.A. telegraphed to another merchant—"Am offered 10,000 bushels wheat on your account at \$ 1,00. Shall I buy,

or is it too high? "The reply came: "No price too high"—when he intended to say, "No. Price too high". The omission of the period cost the merchant a thousand dollars !

Let all bargains and agreements verbally made, be confirmed in writing to obviate any misunderstanding as to the terms of the transaction. Make all matters of business importance matters of record. Keep copies of all letters and documents despatched.

Letters should be filed in chronological order. All the correspondence from one individual or firm should be filed in the same place and no correspondence is to be taken from the files except by the persons in charge of the files.

XXXVII.

A SPECULATOR AND A TRADER

A speculator is an important business man without any business. He exercises a controlling influence in all markets and yet belongs to none. He has been compared to a comet among the fixed stars, for he moves in a mysterious way. He buys when business is dull and prices are depressed and sells when prices are high and the demand is brisk. A speculator may be called the fly-wheel of trade, for he equalised its motions preventing the extreme of prices. He often benefits both producers and consumers, for by buying when the prices are below the average, he keeps them from going still lower and thus benefits the producer, and by bringing out his stock and selling it when prices are high, he puts a limit to extortion and thus benefits the customer.

A trader depends upon customers, a speculator has none. A trader buys when he needs stock whether prices are high or low, a speculator buys only when prices are below the average and will probably rise. A trader sells to his customers at a small advance on cost, a speculator holds until he can get a satisfactory profit and regards the world as his market. A trader depends upon small but regular gains for his profit, a speculator expects to make a fortune and that suddenly.

Drive thy business, let not that drive thee.

XXXVIII.

BEST RECOMMENDATION FOR A SITUATION.

Experienced men are accustomed to regard externals as indicative of character and form a favourable and unfavourable opinion from slight circumstances. A gentleman advertised for a boy to assist him in his office and nearly fifty applicants presented themselves to him. Out of the whole number he, in a short time, selected one and dismissed the rest. "I should like to know", said a friend, "on what ground you selected that boy who had not a single recommendation?" "You are mistaken," said the gentleman, "he had a great many." He wiped his feet when he came in and closed the door after him, showing that he was careful. He gave up his seat instantly to that lame old man, showing that he was kind and thoughtful. He

took off his cap when he came in and answered my questions promptly and respectfully, showing that he was polite and gentlemanly. He picked up the book which I had purposely laid upon the floor, and replaced it on the table, while all the rest stepped over it and shoved it aside. He waited quietly for his turn instead of pushing and crowding, showing that he was honest and orderly. When I talked to him, I noticed that his clothes were carefully brushed, his hair in nice order and his teeth as white as milk, and, when he wrote his name, I noticed that his finger-nails were clean instead of being tipped with jet. Don't you call those — letters of recommendation? I do; and I would give more for what I can tell about a boy by using my eyes ten minutes than for all the fine letters he can bring me."

Politeness and pleasant manners are so indispensable to a clerk or salesman that it would seem improbable that a rude or irritable person could retain a situation as clerk. An impolite, ill-mannered and impudent clerk can drive away more customers from a business place than five good men can bring to it. If you cannot be polite and patient, "give over clerking" and try some occupation where politeness is not essential.

XXXIX.

DUTIES OF CLERKS TO THEIR EMPLOYERS

The whole duty of a clerk to his employer may be expressed in—fidelity to his interests. Faithfulness does not consist in the mere doing of things which we are obliged to do, but in the performance of acts which we are not obliged to do, and for which we receive no remuneration whatever.

Many young men seem to think that if they labour at the employment regularly assigned to them, it is all that should be expected of them. It is probably all that is expected, but a faithful clerk will not therefore neglect opportunities that may present themselves, when by a little extra labour, arranging a few parcels of goods, or putting down an item of account, he can do his employer great service. It has been

well-said that the clerk who is always pushing for more pay, who is tardy in the morning and in hurry to get off at night, who begins to black his boots and brush and comb half-an-hour before quitting time and requires half-an-hour in the morning to make himself presentable for the business of the day, will be dropped out of the corps of helpers whenever business becomes slack, or any plausible excuse offers for ridding the concern of leeches.

When a young man goes into the service of another, his main object should be to learn his employer's business so completely and do his employer's work so well that he will become a necessity, a part of the great business machine itself. Then, it is not the employer who can dictate terms, using that expression in its proper sense, but the employe. A man will never discharge an invaluable helper, if with him, success is made more sure, and without him, wreck is made more probable.

XL.

INJUDICIOUS INVESTMENTS

In mercantile life especially there are times when by the accumulation of profits, or the temporary disuse of capital, a surplus of cash arises that seeks temporary investment. This is a period of great temptation and of great peril. Frequently about this time some very promising speculation is heard of, either in stocks, lands, produce, a country seat, and having the spare cash on hand, the merchant is tempted to try luck in something entirely foreign to his business, and the result generally is that one entanglement is succeeded by another until not only the surplus funds but a part of his capital actually needed in his regular business is locked up in unavailable securities. Generally too, when men are the least prepared for it and all are chin-deep in outside speculations, a commer-

cial crisis occurs and suddenly none but the best securities are available as collaterals for loans. Then failures ensue and astounding revelations are made. Men who were thought to be prudent are found to have been visionary; dry goods merchants, it is discovered, have been produce speculators; and bankers who, it was supposed, were doing a safe banking, or strictly stock commission business, are revealed as gigantic speculators in rail roads and wild lands in the far west. Cash and property, it must be remembered, are two very different things in merchandising, and a reserve capital should always be invested in such securities as are readily and at all times convertible into money.

Write on your heart that every day is the best day
in the year—Emerson.

XLI.

A WORD OF HOPE FOR NON-GRADUATES

Mr. Andrew Carnegie, in his "Empire of Business," writes — "The absence of the college graduate in the list of the industrial magnates should be deeply weighed. I have enquired and searched every where in all quarters, but find small trace of him as the leader in affairs, although not seldom occupying positions of trust in financial institutions. Nor is this surprising. The prize-takers have too many years the start of the graduate. They have entered for the race invariably in their teens — in the most valuable of all the years of learning, from fourteen to twenty, while the college student has been learning a little about the barbarous and petty squabbles of a far distant past, or trying to master languages which are dead, such knowledge as

adapted for life upon another planet than this as far as business affairs are concerned ; the future captain of industry is hotly engaged in the school of experience, obtaining the very knowledge required for his future triumphs."

But at the same time he never underrates the advantage of education—"only it must be education adapted to the end in view, and must give instruction bearing upon a man's career if he is to make his way to fortune. The exceptional graduate should excel the exceptional non-graduate. He has more education, and education will always tell, the other qualities being equal."

"Plan your work Thoroughly, then
Thoroughly work your Plan."

